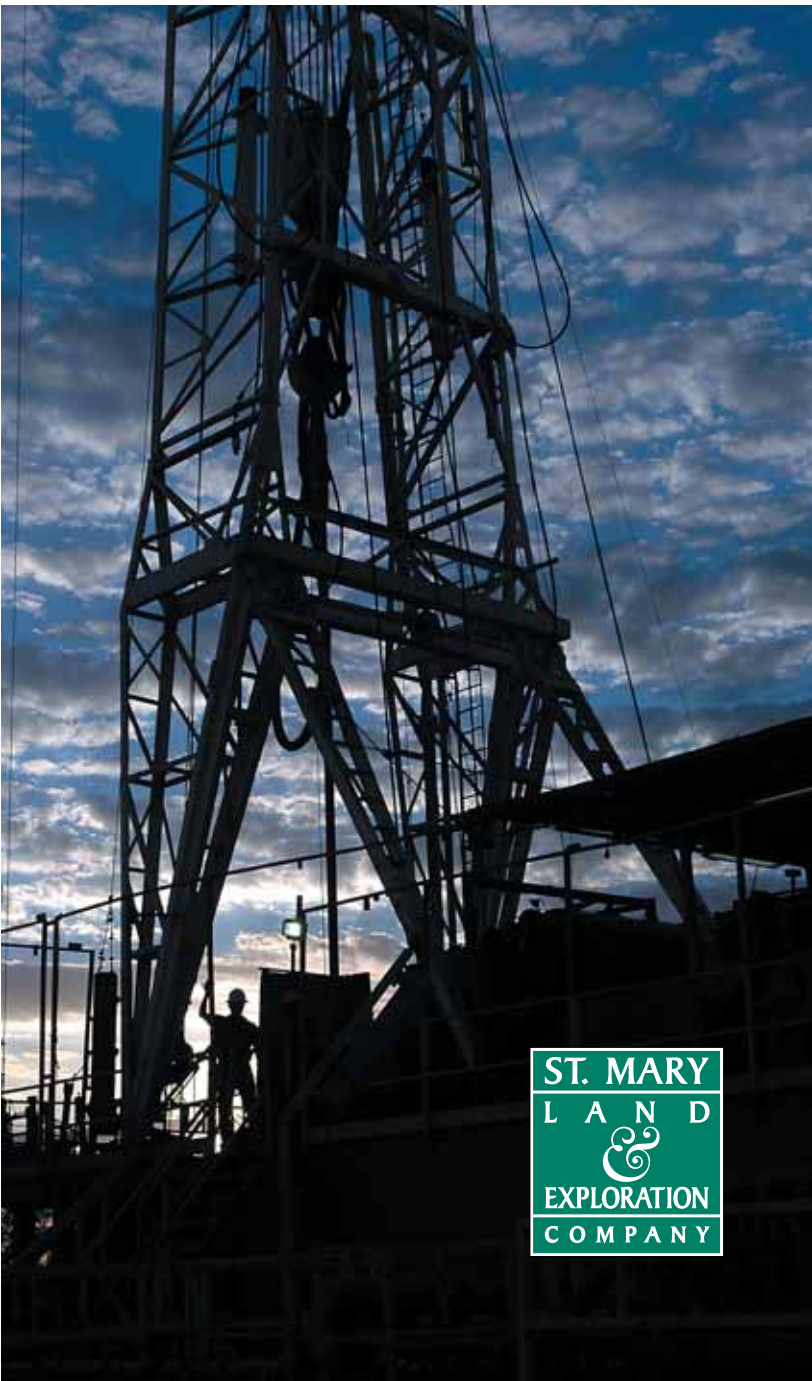




BUILDING A FOUNDATION FOR GROWTH



ANNUAL REPORT 2005



**ST. MARY
LAND
EXPLORATION
COMPANY**

The theme of our 2004 Annual Report was Growing Through Competitive Advantages. In 2005, we continued to establish new competitive strengths which have been the basis for our growth. The competitive advantages established in each of our regions have been the catalysts for building our inventory of multi-year resource plays that are the foundation for our future.

B U I L D I N G A F O U N D A T I O N F O R G R O W T H

In our 2005 Annual Report, we highlight five multi-year exploration and development programs at various stages of development. Each program has significant unbooked reserve potential with drilling inventories ranging from two to more than ten years. Building on this foundation and focusing on our competitive strengths, we will continue to create value for our stockholders.

The growth we have experienced and the growth we are planning are possible only because of St. Mary's extremely dedicated and talented employees. The employees featured in this Annual Report represent the many employees who spend their professional lives making our success possible. We want to thank all of them for the great job they do for our company.



THE COVER: a photographic overview of the resource plays highlighted in this annual report. Starting in the upper left is a rig drilling a well in our Bakken play. Clockwise is a wellhead at the Elm Grove field, pipe to transport natural gas in the Hanging Woman Basin, a crew working on a rig drilling an Atoka/Granite Wash well in Northeast Mayfield and a drilling rig in our Centrahoma field.

COMPANY AT A GLANCE



OUR MISSION

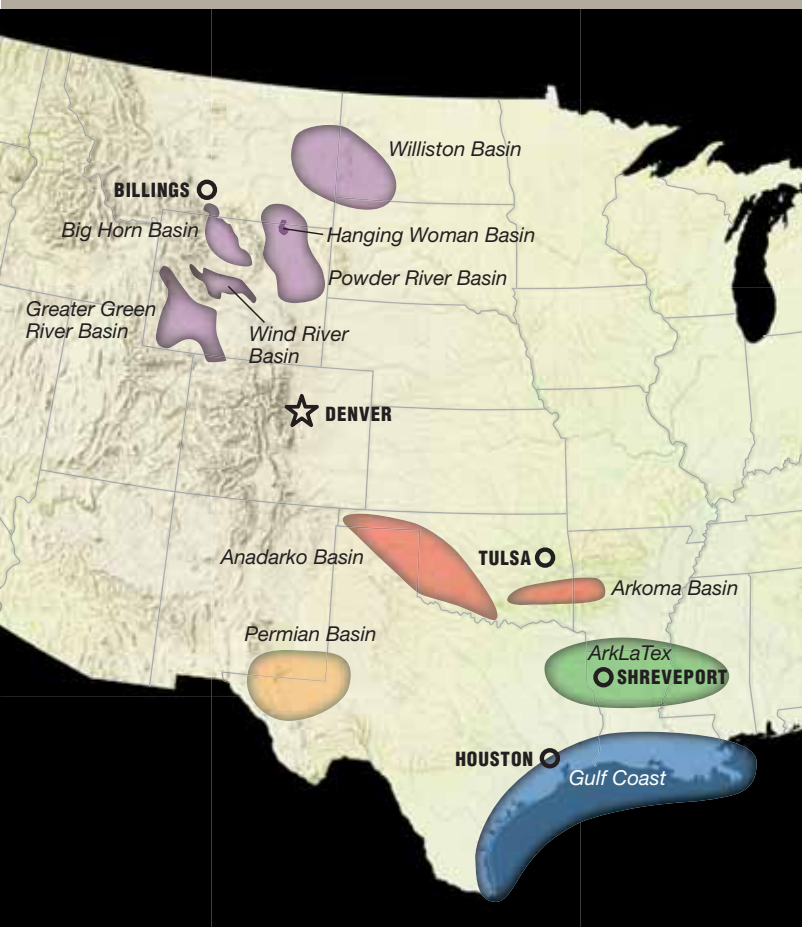
St. Mary Land & Exploration Company was founded in 1908 and incorporated in 1915. We are engaged in the exploration, exploitation, development, acquisition and production of natural gas and crude oil in five core areas in the United States.

Our mission is to build value by adding value at every phase of our business. This includes prospect generation, land acquisition, drilling, production, marketing, reservoir engineering, finance and administration. Our goal is to provide a long-term return in the top quartile of our peers while preserving underlying capital. We plan to achieve this by attracting, motivating and retaining a talented staff; using appropriate technologies; and growing net asset value per share. While growing our company, we will not compromise our core values of integrity, fairness, trust and social responsibility.

OPERATIONS

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

In 2006, we will operate approximately 73% of our \$500 million exploration and development capital expenditures budget. By operating such a large percentage of our budget, we maximize the benefit of our expertise in the land,

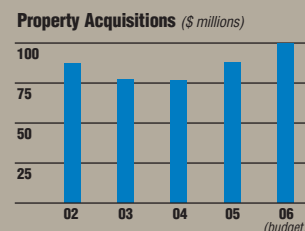


geoscience and engineering disciplines. In each core area, we focus on deliberate, detailed land and legal work, disciplined geologic interpretations, reservoir management, efficient completion and stimulation techniques and the appropriate application of new technologies when warranted.

ACQUISITIONS

The acquisition of oil and gas assets and companies is an important part of our growth strategy. We focus on smaller niche acquisitions in existing core areas where we utilize our geologic knowledge of the area, our technical engineering expertise and our financial flexibility. As we shift to developing technology-driven resource plays at a time when the acquisition marketplace has become overly competitive, our growth will be less dependent upon acquisitions.

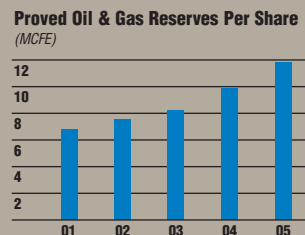
In 2005, we spent \$87.8 million on niche acquisitions. This represented 21% of our capital expenditures program. In 2006, we have budgeted \$100 million, 17% of our capital expenditures budget, for acquisitions. Over the last five years, we have completed \$370.8 million of property acquisitions.



FINANCIAL STRATEGIES

St. Mary's objective is to increase per share value in excess of 15% per year through consistent economic growth in reserves and production. To achieve this objective, we believe we have to replace, on average, 200% of our annual production and to have full cycle economics in the top quartile of our peer group. Over the past five years, we have replaced an average of 244% of our production with excellent economics. Through December 31, 2005, we have provided our stockholders, in dividends and stock value, a compounded rate of return of 23% since we became a public company in December 1992.

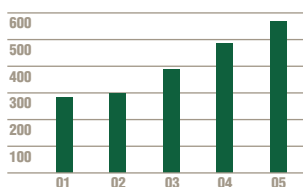
Our strategy is also to maintain a strong balance sheet by keeping our debt to total book capital ratio below 35%. A strong balance sheet allows us to weather cycles of low commodity prices and be opportunistic when capital is not available to our peers. We are willing to become aggressive and increase our debt to total book capital ratio during down cycles in order to make strategic acquisitions. As of December 31, 2005, we have a debt to total book capital ratio of 15%.



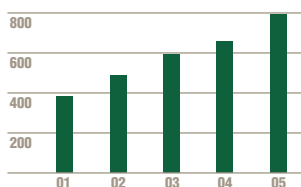
FINANCIAL HIGHLIGHTS

	2005	2004	2003	2002	2001
<i>In thousands except production, price data, and per share amounts, as adjusted for 2 for 1 split on March 31, 2005</i>					
Income Statement Data					
Oil and gas production revenues	\$ 711,005	\$ 413,318	\$ 365,114	\$ 185,670	\$ 203,973
Gains on sales and other	28,585	19,781	28,594	10,635	3,496
Total operating revenues	\$ 739,590	\$ 433,099	\$ 393,708	\$ 196,305	\$ 207,469
Net income	\$ 151,936	\$ 92,479	\$ 95,575	\$ 27,560	\$ 40,459
Diluted earnings per share					
	\$ 2.33	\$ 1.44	\$ 1.40	\$ 0.49	\$ 0.71
Cash dividends declared and paid per share					
	\$ 0.10	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Diluted weighted average common shares outstanding					
	66,894	66,894	71,069	56,782	57,110
Balance Sheet Data					
Working capital	\$ 4,937	\$ 12,035	\$ 3,101	\$ 2,050	\$ 34,000
Total assets	1,268,747	945,460	735,854	537,139	436,989
Long-term debt	99,885	136,791	110,696	113,601	64,000
Stockholders' equity	569,320	484,455	390,653	299,513	286,117
Average Net Daily Production					
Gas (Mcf)	141,922	127,316	136,062	104,558	108,195
Oil (Bbls)	16,238	13,113	12,441	7,713	6,667
MCFE (6:1)	239,352	205,992	210,709	150,836	148,199
Average Sales Price					
Gas (per Mcf)	\$ 7.90	\$ 5.52	\$ 4.89	\$ 3.00	\$ 3.73
Oil (per Bbl)	\$ 50.93	\$ 32.53	\$ 26.96	\$ 25.34	\$ 23.29
Reserves					
Gas (Mcf)	417,075	319,196	307,024	274,172	241,231
Oil (Bbls)	62,903	56,574	47,787	36,119	23,669
MCFE (6:1)	794,493	658,638	593,744	490,887	383,247

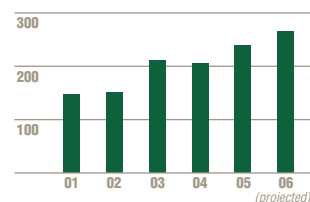
Stockholders' Equity (\$ millions)



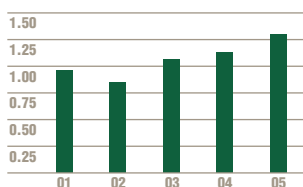
Proved Oil & Gas Reserves (BCFE)



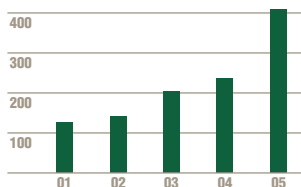
Oil & Gas Production Per Day (MMCFE)



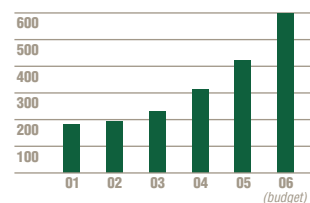
Oil & Gas Production Per Share (MCFE)



Operating Cash Flow (000's)



Capital Expenditures (\$ Millions)





MARK A. HELLERSTEIN — CHAIRMAN, PRESIDENT & CEO

TO OUR STOCKHOLDERS

The year 2005 was highlighted by record earnings, production and oil and gas prices. During 2005, we made significant progress on five large multi-year resource plays. These include excellent drilling results in the Bakken play in Montana; growth in the number of drilling locations in Elm Grove field in northern Louisiana; successful early development at the Hanging Woman Basin coalbed natural gas program; encouraging results at Centrahoma in the Arkoma Basin where there are three potentially large resource plays; and identification of a large resource play in the Atoka/Granite Wash at Northeast Mayfield in the Anadarko Basin. We continue to see a hyper-competitive acquisition market, shortages of equipment and personnel and escalating costs. We completed \$87.8 million of acquisitions in 2005. We grew our proved reserve base by 21% to 794.5 BCFE and our pre-tax PV10 value of proved reserves by 66% to \$2.5 billion. Our finding and development costs for the year were \$1.88 per MCFE with a 256% reserve replacement percentage. We replaced 199% of our production when excluding acquisitions. Our proved, probable and possible (3P) reserves were 2.5 TCFE at year end. Production increased 16% primarily as a result of drilling activities and the continued extraordinary performance of our well at the Constitution field. We repurchased 1.2 million shares of our common stock at an average price of \$24.51 per share while we saw our stock price increase 77% for the year to \$36.81 per share. Proved reserves per share grew 20% to 11.8 MCFE per outstanding share.

In 2005 we had excellent drilling results in the horizontal middle Bakken play in the Williston Basin where we participated in the drilling and completion of 26 wells in Richland County, Montana, for \$34.1 million with 100% success. We continue to evaluate the Bakken resource in North Dakota. Because the Bakken dolomite thins as the play moves southeast from Montana into North Dakota, we re-entered ten existing well bores saving approximately 60% of the cost of a new well while gaining knowledge about this play. North Dakota has produced mixed results that were marginally economic. We have approximately 80,000 net acres in the middle Bakken fairway. Our proved and 3P reserves are 57 and 95 BCFE, respectively, with 81 identified locations to drill.

At the Elm Grove field in northern Louisiana, we spent \$7.6 million participating in 36 wells, with a 97% success rate. The play has moved to the south where we have working interests ranging from 30-37%. We have 204 PUD locations which will allow us to deploy capital in the field for a number of years.

We are pleased with the performance of our Hanging Woman Basin coalbed natural gas program. As of the end of December 2005, we have 126 wells producing and dewatering and 71 wells at various stages of completion or awaiting pipeline connection. At year end, the field was producing 3,700 MCFD, outperforming our original expectations. In 2005, our proved reserves grew to 25.2 BCFE from last year's 8.2 BCFE. Our 3P reserves have grown to 833 BCFE. We experienced some permitting and infrastructure delays, but overall we are pleased with the progress of this significant project.

At Centrahoma in the Arkoma Basin in southeast Oklahoma, we are in the very early stages of applying horizontal drilling technology to develop resources in the Cromwell sandstone, Woodford shale and Wapanucka limestone formations. We control 36,000 gross acres (20,000 net). We are encouraged by initial results in each of these three plays. At year end, we had 40.7 BCFE of proved and 259 BCFE of 3P reserves with 27 proved and 385 potential drilling locations.

At Northeast Mayfield, we believe we have a large resource play in over 24 sections in the Atoka/Granite Wash formations. If the wells continue to exhibit historical drainage patterns, there is potential for multiple years of infill drilling in these sections. At year end we had 28.6 BCFE of proved and 177 BCFE of 3P reserves with 23 proved and 512 potential drilling locations in this play.

We had several outstanding wells in 2005. We have a well producing 45 MMCFD in southeastern Texas after producing for over a year. An Atoka/Granite Wash well at Northeast Mayfield is currently producing approximately

22 MMCFED. A horizontal well at the Spider field in northern Louisiana had an initial rate of 12 MMCFED as a result of new completion and stimulation technology. We have had continued success in our Red River play in the Williston Basin and the horizontal plays in the ArkLaTex region, and are increasing activity in the Greater Green River Basin.

Net income for the year 2005 was \$151.9 million or \$2.33 per diluted share compared to \$92.5 million or \$1.44 per diluted share for the prior year. Net cash provided by operating activities increased 73% to \$409.4 million. Production increased 16% to 87.4 BCFE. The average realized price increased 49% to \$8.14 per MCFE. Unit costs increased for the year as lease operating expense, including production taxes, increased \$0.37 to \$1.64 per MCFE; DD&A, including impairments, increased \$0.30 to \$1.52 per MCFE; and general and administrative expense increased \$0.08 to \$0.37 per MCFE. With our realized oil and gas prices growing more rapidly than costs, our cash margin increased 56% to \$6.13 per MCFE.

To grow net asset value per share, our goal is to economically replace 200% of our annual production. Over time, we have successfully achieved this goal. This in turn has provided our stockholders a 23% compounded return since St. Mary went public in 1992.

St. Mary again has been recognized as a top performing company. For the third time in four years, we are listed as one of *Fortune Magazine's* 100 Fastest Growing Companies in America. *Business Week* named us one of the 100 Best Small Public Companies and *Forbes* named us the 14th Best Small Company in America. *ColoradoBiz Magazine* and Deloitte & Touche named St. Mary the top Energy and Natural Resource Company in Colorado. I congratulate our talented people for this excellent performance.

Doug York, our Chief Operating Officer and Executive Vice-President, will be leaving the company this year. Doug has been a tremendous part of St. Mary's success and its culture. He is truly a special talent. Not only is he one of the very best business development and acquisitions people in the business, but he is also one of the most talented oil and gas people in our industry. We are blessed for such an extraordinary individual to have devoted ten years to St. Mary's success. We wish Doug the very best.

We enter 2006 on a positive note:

- We are in excellent financial condition.
- Oil and gas prices are high and the long-term outlook is positive.

- We have an outstanding inventory of prospects to drill with multi-year plays in Northeast Mayfield in the Anadarko Basin; the Hanging Woman Basin coalbed natural gas development project; the Bakken and Red River formations in the Williston Basin; Centrahoma with the Cromwell sandstone, Woodford shale and Wapanucka limestone formations in the Arkoma Basin; and Elm Grove field in northern Louisiana.
- We have increased our capital expenditures budget to \$600 million.

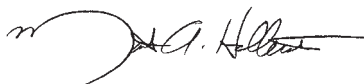
Here is our plan to build value in 2006:

- We have a \$600 million capital expenditures budget. Of this budget, 17% is allocated for acquisitions; 31% for exploration and development in the Rocky Mountain region; 29% in the Mid-Continent region; 12% for the Gulf Coast and Permian regions; and 11% for the ArkLaTex region. The drilling portion of our budget (including acreage, exploration overhead and geological and geophysical costs) is up \$166 million, representing a 49% increase over 2005. We have drilling and completion expenditures of \$66 million budgeted at Northeast Mayfield, \$50 million for the Hanging Woman Basin, \$47 million in the Bakken play, \$42 million in Centrahoma and \$12 million at the Elm Grove field.

Our forecast for 2006:

- Production is forecast to grow to 96–98 BCFE, up from 87.4 BCFE in 2005. Based on year end NYMEX strip prices of \$65.54 per Bbl and \$9.84 per Mcf, we would realize approximately \$9.26 per MCFE, after hedges. Lease operating expenses, including taxes, are currently forecast at \$1.73–\$1.84 per MCFE, G&A is forecast at \$0.45–\$0.50 per MCFE and DD&A is forecast at \$1.92–\$1.98 per MCFE.

March 1, 2006



MARK A. HELLERSTEIN

Chairman, President and Chief Executive Officer

OPERATIONS OVERVIEW

We made significant progress this year building a foundation of long-life development programs that will provide a drilling inventory for many years. In addition to the more significant resource plays highlighted in this annual report, we have other prospects and fields in our inventory to drill over several years. We constantly search for new ideas that can lead to exploration and development programs, and we will evaluate potential new plays in 2006.

Resource plays are driven by technologies. In each of our resource programs, we design and utilize technologies specific to that play that will result in acceptable economics that are repeatable over a large acreage position. Technologies such as horizontal drilling, fracture stimulation, 3-D seismic and state-of-the-art completion techniques, including multi-zone completions, are used when appropriate to develop oil and gas reserves that were previously uneconomic.

Our success in developing multi-year development programs has reduced our dependence on acquisitions. A goal ingrained in our company is to replace 200% of our production. In 2005, we replaced 256% of our production, with 199% achieved through drilling. In a very competitive acquisition market, we closed \$87.8 million of property acquisitions, which represented approximately 21% of our 2005 capital expenditures. Historically, we have allocated 35% to 40% of our capital expenditures to acquisitions, but in 2006 we are reducing our allocation to 17% or \$100 million. We will focus our acquisition efforts primarily on smaller niche acquisitions in our core areas where we have proprietary information that will allow us to add value developing the assets acquired.

As we move forward one of our more significant challenges is to retain and add to our excellent technical staff. The aging of our industry's workforce and the limited number of trained professionals entering the industry has been discussed for many years. In 2005, we experienced the most competitive environment seen in a generation for quality and experienced geoscientists, engineers, field operations personnel and land professionals. During 2005, we lost very few technical employees to competitors and were able to add quality personnel throughout the company. We attribute our ability to attract and retain new employees to our "St. Mary culture" and to our unique performance-based incentive programs. The combination of performance-based cash bonus, restricted stock and net

profit incentive plans align our employees' interests with those of our stockholders and create a win-win situation for St. Mary. We are confident we will be able to meet the challenge of growing our technical staffs in these competitive times.

During 2005, we operated 12 to 15 rigs. Where we have continuous drilling programs, we have maintained control of the rigs drilling on our properties. In other areas, we have experienced fierce competition for rigs. Costs rose in all of our areas of operation. In 2006 we plan to continue operating the same number of rigs, with the possibility of adding one or two rigs to our resource plays if they become available. We estimate drilling and service costs rose 30% in 2005, and we anticipate a 20% cost increase in 2006. Our budget economics were based on \$7.00 per Mcf natural gas and \$45.00 per Bbl oil. We will monitor our economics throughout the year as changes in commodity prices and costs occur.

We were pleased with our reserve growth in 2005. Our proved reserves increased 21% to 794.5 BCFE, of which 82% are classified as proved developed. At year end 2005, 53% of our reserves were natural gas and 47% were oil. Our 2005 finding and development costs were \$1.88 per MCFE. The growth of our 3P reserves to 2.5 TCFE is a reflection of the growth of our resource programs.

We are budgeting \$600 million for capital expenditures in 2006. This amount represents a 42% increase over the \$421.5 million spent in 2005. Exploration and development expenditures are projected at \$500 million and \$100 million is budgeted for acquisitions. We will operate approximately 73% of our capital expenditures budget in 2006. With our strong balance sheet, we have the financial strength to pursue large opportunities should they become available.

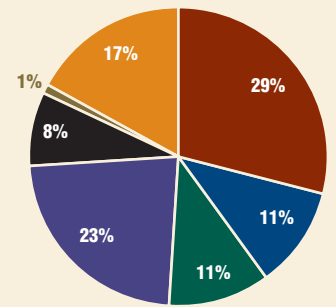
We begin 2006 with the largest inventory of drilling prospects in the history of our company. Our large land inventory of 1,139,000 net acres, 64% of which is undeveloped, provides a foundation for growth. We are optimistic about our future and look forward to growing the value of our company.

Additional information follows about the operations in each of our core areas and our plans for 2006.



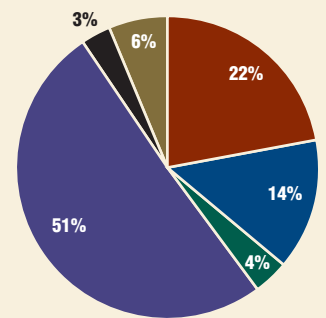
From operating deep, high pressure natural gas wells in the Anadarko Basin (above) to operating oil wells in the Williston Basin (below), each region requires specialized expertise.

Capital Expenditures Budget By Region



- Mid-Continent
- ArkLaTex
- Gulf
- Rocky Mountain
- Hanging Woman Basin
- Permian
- Acquisitions

Reserve Base By Region



ROCKY MOUNTAIN REGION

PROVED RESERVES	427.9 BCFE
PROVED DEVELOPED RESERVES	89%
% OF TOTAL PROVED RESERVES	54%
GAS/OIL MIX	26% / 74%
3P RESERVES	1,435 BCFE
TOTAL NET LEASED ACRES	872,000
NET UNDEVELOPED LEASED ACRES	74%
CAPITAL EXPENDITURES BUDGET:	
NON CBM	\$141 MILLION
HANGING WOMAN BASIN	\$50 MILLION

Nance Petroleum Corporation, a wholly owned subsidiary, manages our operations in the Rocky Mountain region. The office in Billings, Montana, has a 95-person staff. Nance has managed our interests in the Williston Basin since 1991, initially under a partnership arrangement and as a wholly owned subsidiary since June 1, 1999. Since 1999, the Nance office has also managed our interests in other Rocky Mountain basins.

Our Rocky Mountain region includes the Williston Basin in eastern Montana and western North Dakota, the Powder River Basin in Montana and Wyoming and the Greater Green River, Wind River and Big Horn Basins in Wyoming. Initiated in 2001, our Hanging Woman Basin coalbed natural gas project is located in the northwestern portion of the Powder River Basin.

Our Rocky Mountain region experienced significant growth in 2005. The region's proved reserves increased 17%, production increased 21% and we increased our net acreage position to 872,000 acres, 74% of which is undeveloped. Our Rocky Mountain 3P reserves at year end 2005 were 1,435 BCFE. The Rocky Mountain region represents 54% of our proved reserves, 58% of our 3P reserves and 43% of our 2005 production.

Its most active drilling programs in 2005 were the horizontal middle Bakken play in the Williston Basin (which is highlighted on this page), our expanding drilling program in the Greater Green River Basin and our Hanging Woman Basin coalbed natural gas play highlighted on page 8. In 2005 the Rocky Mountain region completed 101 conventional wells, with a 95% success rate, and drilled 131 coalbed natural gas wells. The region spent \$197.0 million, including \$62.8 million for acquisitions, which represented 47% of our total 2005 capital expenditures.

In 2005, we grew our presence in the Wind River and Powder River Basins with the acquisition of properties from Wold Oil Properties, Inc. This acquisition was the latest in a series of acquisitions (Choctaw in 2001, Flying J in 2003 and Goldmark in 2004) that increased our presence in the southern Rockies.



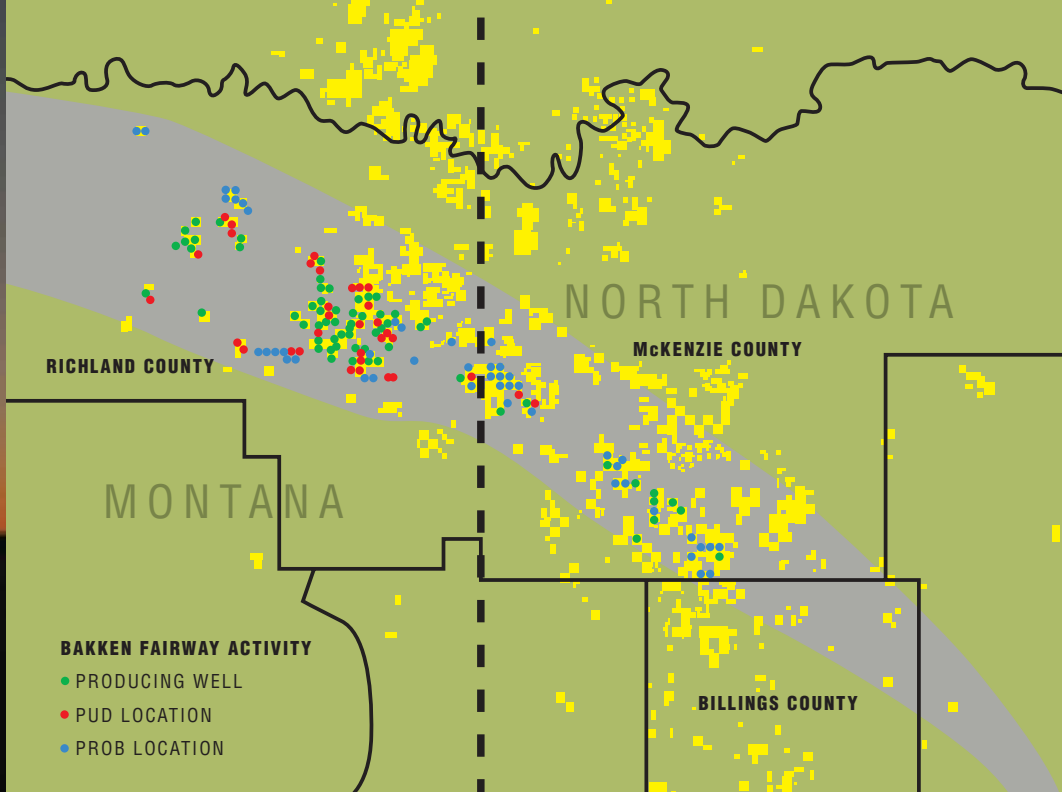
MIDDLE BAKKEN PLAY

Development of the middle Bakken through horizontal drilling continues to be our most active drilling program in the Williston Basin. Centered in Richland County, Montana, and Billings and McKenzie Counties, North Dakota, we participated in our first middle Bakken wells in 2003. Through 2005 we participated in 61 completed wells without a dry hole in this multi-year play.

Using geologic data, we have mapped our interpretation of the middle Bakken fairway throughout Richland, Billings and McKenzie Counties. We have approximately 80,000 net leased acres within or adjacent to this fairway. We have concentrated our initial efforts in Richland County, where wells typically produce at initial rates of 300 to 600 barrels of oil per day and reserves per well are estimated from 350,000 to 500,000 barrels of oil. Of the 61 wells completed to date, 49 have been in Montana.

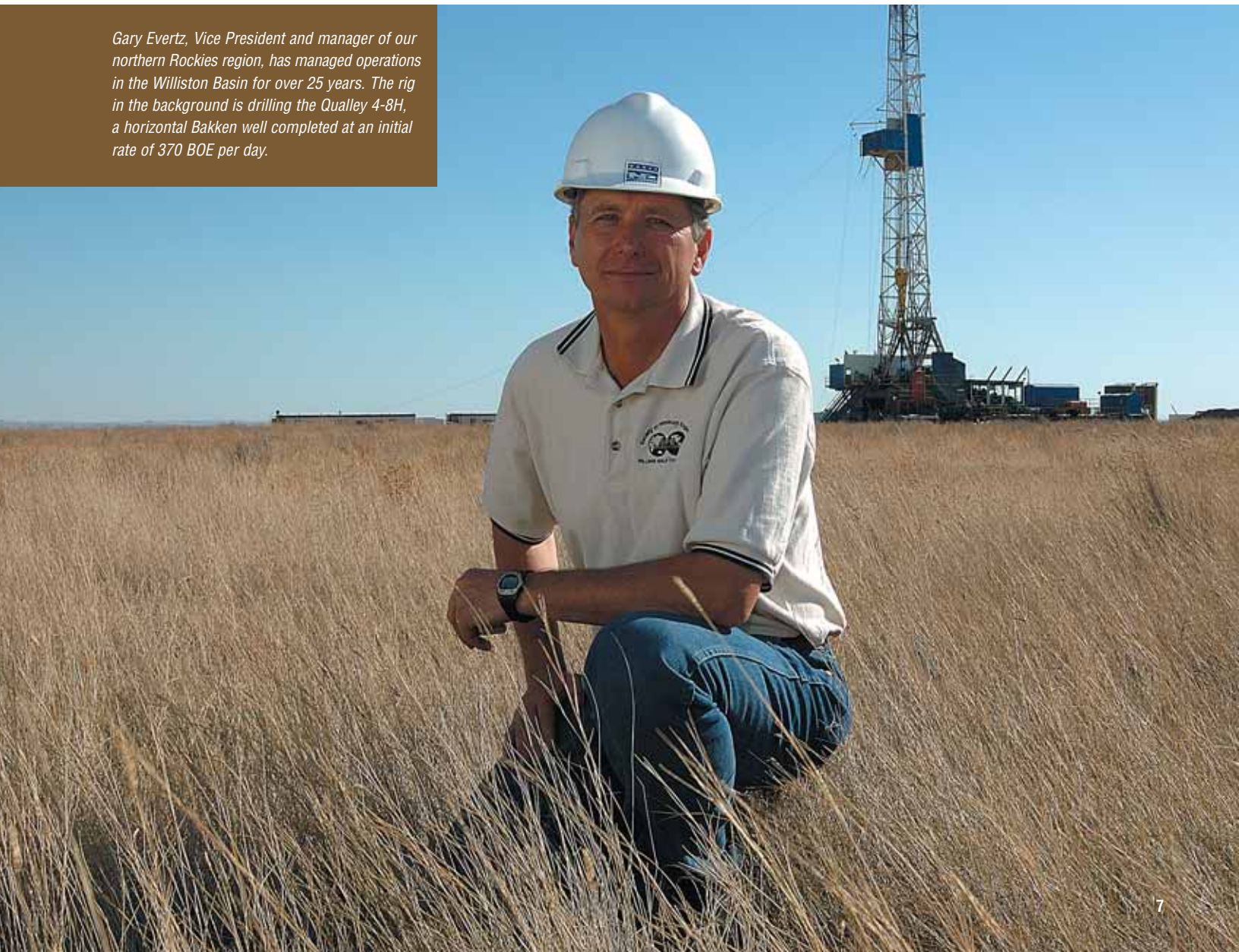
In late 2004 we began our exploration efforts in the North Dakota portion of the play. The middle Bakken dolomite porosity trend thins and narrows to the southeast in North Dakota. Our initial efforts have been to re-enter existing well bores in order to minimize costs while evaluating the area's reserve and production potential. In addition to the wells we have re-entered and drilled, we are also evaluating the drilling results of other operators in the area. We will continue to implement new technology to enhance our results and improve our economics in this area.

At year end 2005, we estimated our Bakken acreage contains 9.5 MMBOE of proved and 6.2 MMBOE of probable and possible reserves. We estimate we have 81 proved undeveloped, probable and possible well locations left to drill in the play. In 2006, we intend to drill ten operated wells in Montana, participate in 14 non-operated wells in Montana and drill three grassroots and three re-entry wells in North Dakota. With additional locations remaining to be drilled beyond 2006, development of this play should continue for several more years.



THE HORIZONTAL MIDDLE BAKKEN CONTINUES TO BE THE MOST ACTIVELY DRILLED PLAY IN THE WILLISTON BASIN.

Gary Evertz, Vice President and manager of our northern Rockies region, has managed operations in the Williston Basin for over 25 years. The rig in the background is drilling the Qualley 4-8H, a horizontal Bakken well completed at an initial rate of 370 BOE per day.





HANGING WOMAN BASIN

The Hanging Woman Basin (HWB) located in northern Wyoming and southern Montana is a sub-basin of the Powder River Basin. Since 2000 we have accumulated approximately 154,000 net acres of leases in the HWB for coalbed natural gas development. We initially conducted two pilot programs during 2002 to evaluate the coalbed natural gas potential of the area. After extensive study and modeling of the project using the results of our pilot projects and two existing coalbed natural gas programs operating west of our project area, we made the decision in 2003 to proceed with development.

In 2004 a pipeline was built into the project area connecting the HWB to several natural gas markets. Natural gas from the project area can be transported north into either the Northern Border system or the Williston Basin Interstate system. Natural gas can also be transported south to Glenrock, Wyoming, where it can be sold into various Mid-Continent markets. At year end 2005, 126 wells had been placed on production. Although the wells are in their dewatering phase, production at year end was 3,700 MCFED.

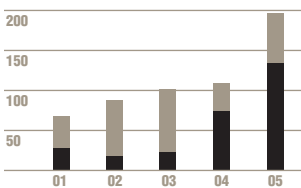
Development of the HWB is a multi-year project. At year end 2005, Netherland, Sewell & Associates, an independent petroleum engineering firm, estimated total proved, probable and possible (3P) reserves in our HWB project to be 833 BCFE net to St. Mary. At year end 2005, 25.2 BCFE was booked as proved reserves. The reserves are primarily in three packages of coal at varying depths with each package containing three separate coal seams (nine total coal seams). Each of the three packages of coal must be developed separately, either through an individual well or by recompleting uphole seams once deeper seams are depleted. There are approximately 3,000 wells remaining to be drilled on our HWB acreage. In 2006 we estimate we will drill approximately 260 wells in the HWB. Although we anticipate we will be able to increase our level of drilling activity over time, it will take many years to develop our HWB project.

The Rocky Mountain region's 2006 capital expenditures budget is \$191 million, or 38% of our company's total \$500 million budget for exploration and development. \$47 million, or 25% of the region's capital expenditures budget, is allocated to the Bakken drilling program in the Williston Basin. We plan to drill four wells in the Red River formation in the Williston Basin where we will continue to identify and match structure and porosity development using 3-D seismic, to which we attribute our 82% success rate drilling non-Bakken wells in the Williston Basin. Seven 3-D seismic surveys targeting the Red River formation are planned for 2006, which is an increase over our 2005 activity.

In 2006, we will initiate a horizontal drilling program focused on certain Mississippian age reservoirs in the Williston Basin. Our capital expenditures budget includes \$24 million for drilling 26 horizontal wells targeting the Ratcliffe and Mission Canyon formations. We continue to grow our activity in the Greater Green River Basin. In the Wamsutter area, we plan to participate in eight operated and 16 non-operated wells during 2006 with a budget of \$11.5 million. We plan to significantly increase our efforts

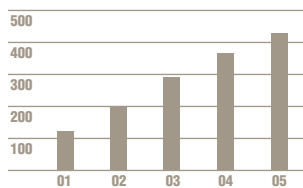
ROCKY MOUNTAIN REGION

Capital Expenditures (\$ millions)



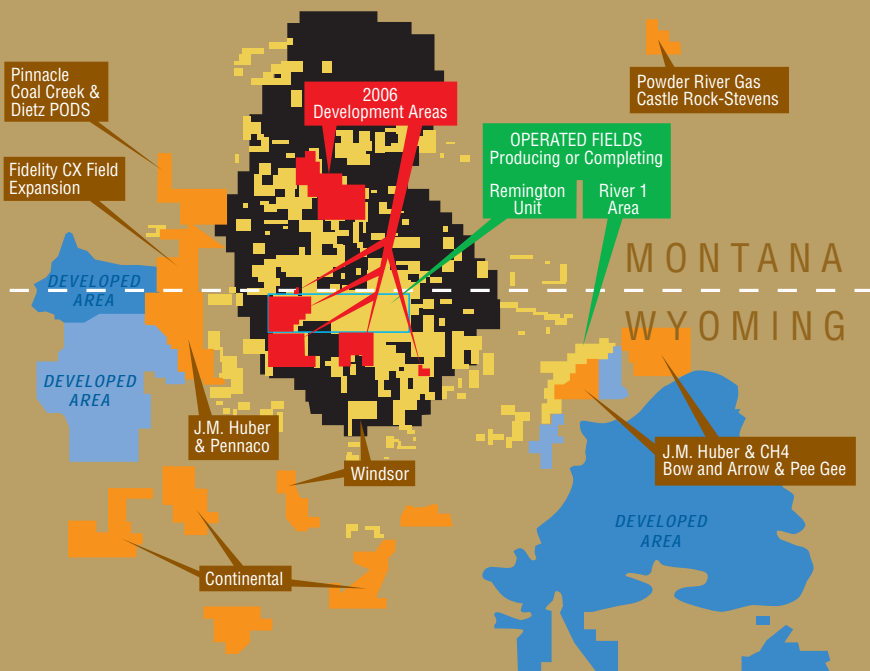
■ Acquisitions
■ Exploration & Development

Proved Reserves (BCFE)



to enhance production in the mature oil fields included in our recent Goldmark and Wold acquisitions. In addition to recompletions and workovers in these fields, we plan to drill 11 infill Tensleep formation wells during 2006 for an estimated cost of \$9 million. We will use 3-D seismic to aid in the continuing evaluation of these fields' stratigraphic complexities and development.

Of our Rocky Mountain region's \$191 million capital expenditures budget for 2006, \$50 million is allocated to drilling, permitting and infrastructure costs in our Hanging Woman Basin coalbed natural gas program. We have budgeted to drill roughly 260 wells in 2006, as well as increase our permitting efforts on account of development expanding into Montana and provide the infrastructure to support production anticipated from these new wells. The Hanging Woman Basin program is highlighted on this page.



OUR LARGE, MOSTLY CONTIGUOUS LEASE POSITION IN HANGING WOMAN BASIN ALLOWS US TO DEVELOP THE PROPERTIES IN AN EFFICIENT, ORDERLY MANNER.



Duane Zimmerman manages our Hanging Woman Basin coalbed natural gas project. Behind Duane are 114 producing coalbed natural gas wells and 18 reservoirs that collect produced water from the wells.

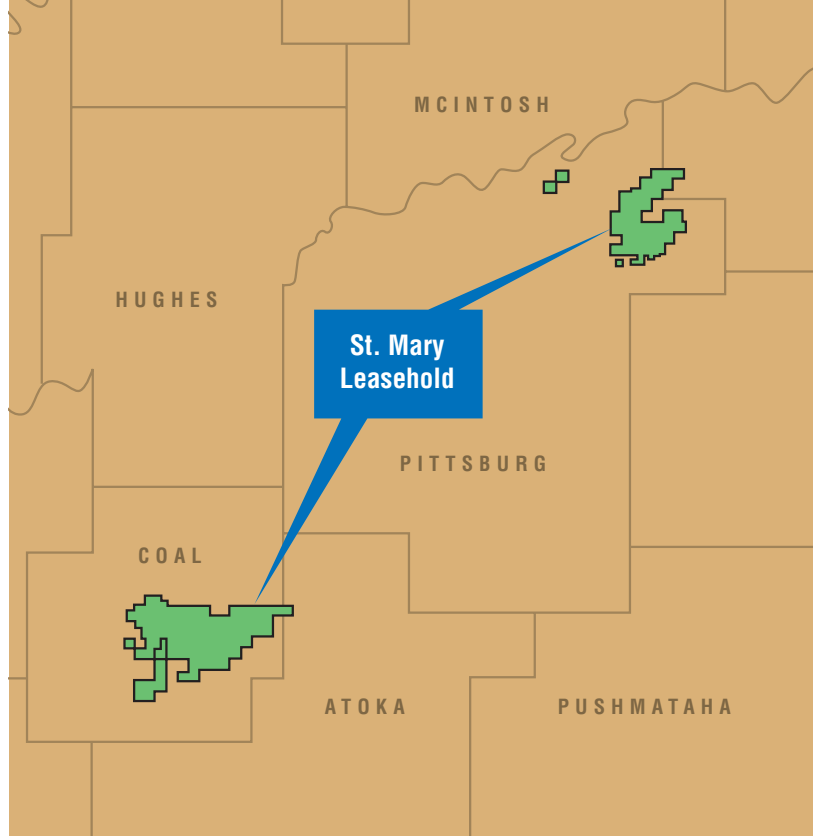
MID-CONTINENT REGION

PROVED RESERVES	175.4 BCFE
PROVED DEVELOPED RESERVES	79%
% OF TOTAL PROVED RESERVES	22%
GAS/OIL MIX	95% / 5%
3P RESERVES	592 BCFE
TOTAL NET LEASED ACRES	114,000
NET UNDEVELOPED LEASED ACRES	24%
CAPITAL EXPENDITURES BUDGET	\$172 MILLION

Our Mid-Continent region primarily includes our operations in the Anadarko and Arkoma Basins in Oklahoma and Texas. The region, where we have been operating since 1973, is managed out of our Tulsa, Oklahoma, office by a 45-person staff.

Our Mid-Continent region rebounded from a disappointing year in 2004, which resulted from the drilling in Northeast Mayfield becoming more exploratory in nature. The knowledge gained from the 2004 drilling year led to very good results in 2005. We transitioned from drilling deep Morrow wells to drilling shallower Atoka/Granite Wash wells. In addition, we initiated a horizontal drilling program in a field in the Arkoma Basin where for the past several years we have been drilling vertical wells to multiple formations. We completed several significant wells in 2005 on our large acreage position. Each of these areas represents the beginning of a multi-year resource play that we believe will provide long-term reserve and production growth to St. Mary. The Centrahoma project is highlighted on this page and the Atoka/Granite Wash program is discussed on page 12.

In 2005, the Mid-Continent region drilled 91 wells; 96% were successful. Proved reserves in the region grew 29% from 135.7 BCFE to 175.4 BCFE and represented 22% of our company's reserves in 2005. As of year end 2005, we estimated the Mid-Continent region 3P reserves to be 592 BCFE, 96% natural gas. The region spent \$135.6 million in 2005, including \$27.5 million for acquisitions, or 32% of the region's 2005 capital expenditures. Acquisitions included Arkoma Basin properties from the Agate Petroleum, Inc. acquisition. Production for the



CENTRAHOMA PROJECT

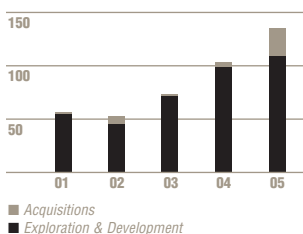
For several years we have been acquiring acreage and drilling vertical wells in the Cromwell sandstone, Wapanucka limestone and Woodford shale formations in the Centrahoma field in the Arkoma Basin of Oklahoma. In 2005 we drilled our first horizontal well in the Cromwell formation. The Mowdy #1 (SM 100% WI) was completed at an initial rate of 3,000 MCFED. The well was drilled for approximately twice the cost of a vertical well and is expected to produce approximately three times the reserves. Since the Mowdy #1, we have drilled three horizontal wells in the Cromwell with initial production rates ranging from 670–1,300 MCFED. These wells represent our continuing effort to determine the most efficient method to drill the Cromwell, while achieving maximum ultimate reserve recoveries.

Additional candidates for horizontal development are the Woodford shale and the Wapanucka limestone formations. We drilled our first successful horizontal well in the Woodford shale in 2005 and are currently drilling a second Woodford well. We recently successfully completed our first horizontal well in the Wapanucka and additional wells are planned in 2006 to further define the potential of the Woodford and Wapanucka formations.

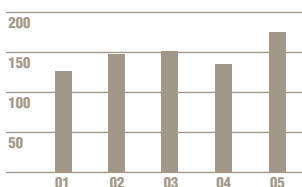
St. Mary owns approximately 36,000 gross and 20,000 net contiguous acres in Centrahoma. Developing three separate plays in this large acreage block will require multiple rigs over a multi-year period. At year end 2005 our 3P reserves for the three formations were estimated at 259 BCFE with 40.7 BCFE of the reserves booked as proved. To fully develop the field, we estimate roughly 385 wells will be drilled. We currently have two rigs working in the field that are anticipated to drill 19 wells in 2006. During 2006 we plan to test various horizontal drilling and completion techniques to maximize production rates and reserve recoveries. We anticipate we will be able to increase our level of drilling activity as we refine our drilling and completion procedures.

MID-CONTINENT REGION

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)

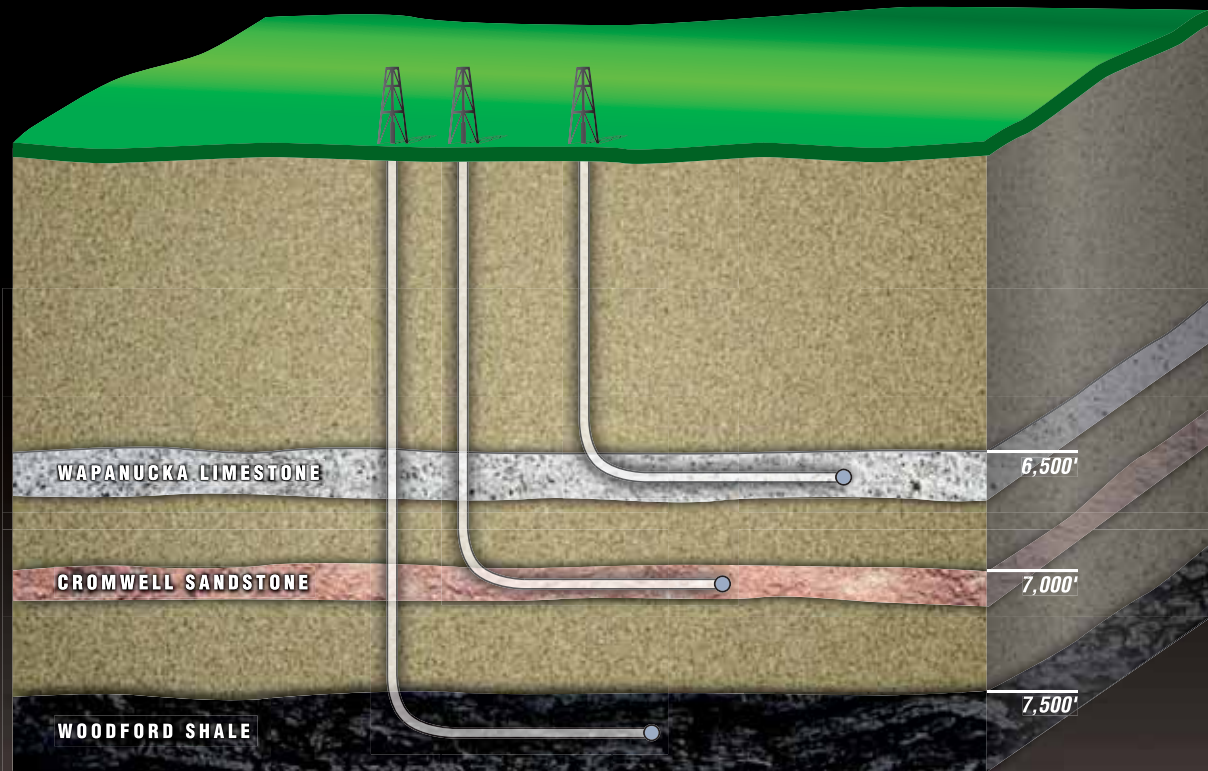




Don Kentner is the Exploration Manager of our Mid-Continent region. Don has 23 years of work experience in the Arkoma Basin and manages our geological efforts in the Mid-Continent region.

IN CENTRAHOMA WE HAVE THREE SEPARATE RESOURCE PLAYS UNDER THE SAME LEASEHOLD.

Various drilling and completion techniques will be tested in order to maximize reserve recoveries and production rates.



region grew 19% to 26.5 BCFE, which represented 30% of our total 2005 production.

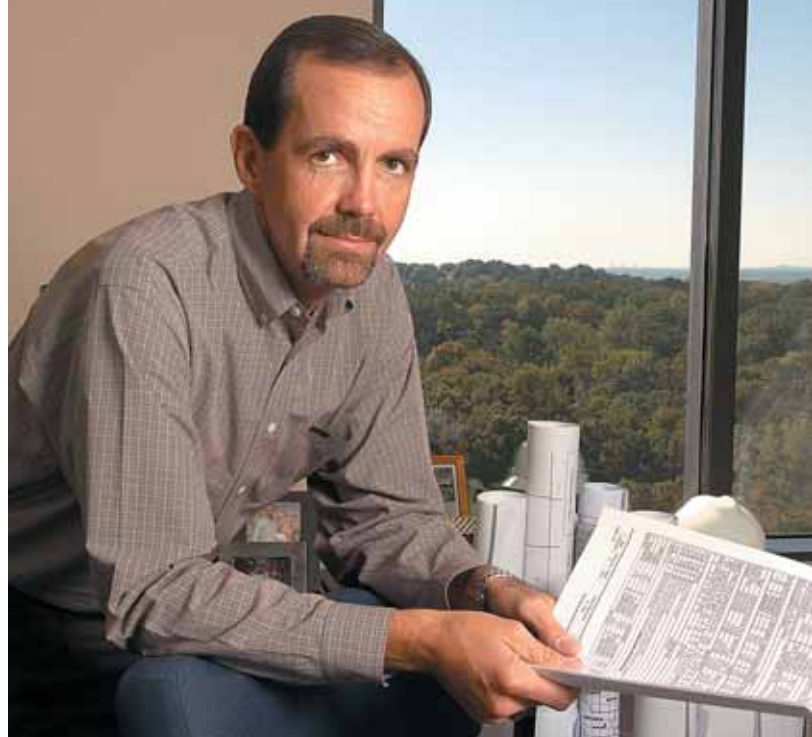
The 2006 capital expenditures budget for the Mid-Continent region is \$172 million, which is 34% of our total \$500 million of anticipated exploration and development expenditures. The Atoka/Granite Wash program in Northeast Mayfield represents approximately 38% of the region's budget or \$66 million. We plan to participate in 46 Atoka/Granite Wash wells in 2006. We anticipate operating 22 of the wells with the three drilling rigs we have working in the area. We also plan to drill 19 operated horizontal wells in our Arkoma Basin drilling program in 2006. We have allocated \$42 million, or 24% of the region's budget, to drill eight Woodford, six Cromwell and five Wapanucka wells with the two drilling rigs dedicated to this program. The balance of our planned expenditures in the Mid-Continent region are for continued exploration and development of the Cottage Grove, Osborne, Cleveland and Red Fork formations in the Anadarko Basin. We anticipate participating in approximately 20 wells to test and develop our prospects in these areas.

ARKLATEX REGION

PROVED RESERVES	111.3 BCFE
PROVED DEVELOPED RESERVES	56%
% OF TOTAL PROVED RESERVES	14%
GAS/OIL MIX	95% / 5%
3P RESERVES	153 BCFE
TOTAL NET LEASED ACRES	55,000
NET UNDEVELOPED LEASED ACRES	36%
NET MINERAL SERVITUDE ACRES	9,868
CAPITAL EXPENDITURES BUDGET	\$66 MILLION

Our ArkLaTex region includes our properties in eastern Texas, northern Louisiana, southern Arkansas and southern Mississippi. Our 21-person office in Shreveport, Louisiana, manages the region where we have operated since 1992. This region has grown through a combination of niche acquisitions, new field discoveries and field extensions.

Our ArkLaTex region had excellent results in 2005. The region increased its proved reserves 47% and its production 23% over 2004. The ArkLaTex region's 3P reserves at year end 2005 were 154 BCFE. The ArkLaTex region represents 14% of our proved reserves, 6% of our 3P reserves and 12% of our 2005 production. During the year, the region participated in 63 wells, of which 92% were successfully completed. The region's capital expenditures were \$44.0 million in 2005. Production from the region was 10.8 BCFE.



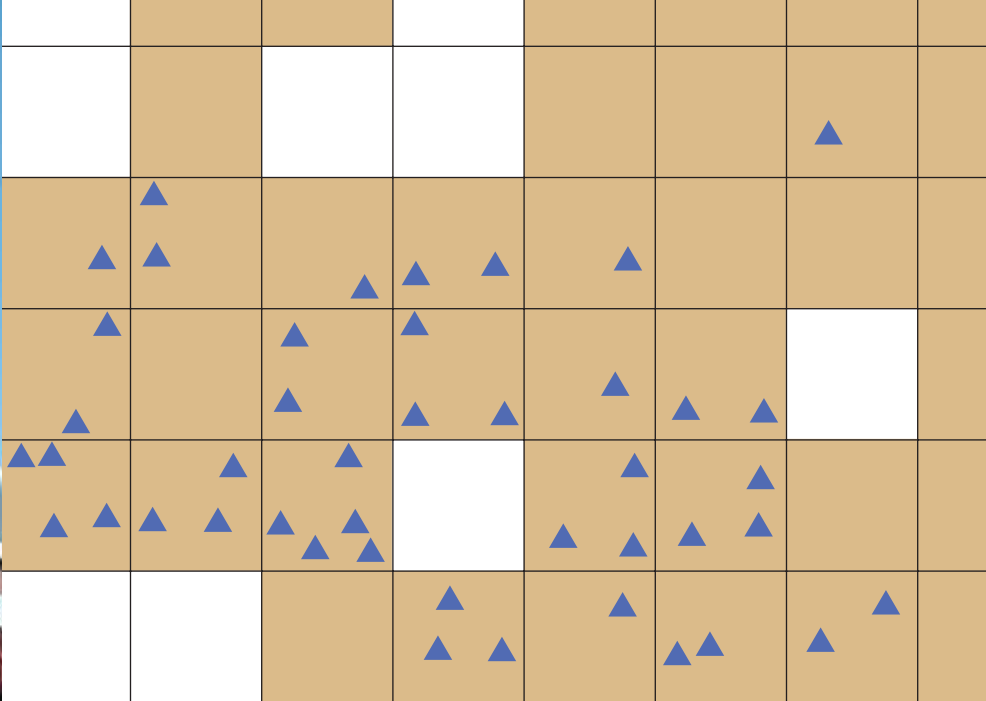
Marlon Wells is the Operations Manager in our Tulsa office. Marlon manages our drilling operations for the Mid-Continent region where he has worked for St. Mary for over seven years.

ATOKA/GRANITE WASH

We have been exploring for oil and gas in Northeast Mayfield in the Anadarko Basin in western Oklahoma since 1996. Our initial drilling targeted a single Morrow Crook sand and grew into a multi-pay area. We continued to expand the area by acquiring leases in 68 sections in the field. In addition to identifying 18 Morrow sands, in 2002 we began to complete wells in the uphole Atoka interval and have identified five productive Atoka zones. In 2004 the deeper Morrow play became more exploratory and results were unsatisfactory. In early 2005 we reduced our Morrow drilling program and began to focus on the Atoka/Granite Wash potential in the field. Mapping of the Atoka/Granite Wash showed pay zones present over more than 24 sections where we have leases held by existing production. Our average working interest in the area is approximately 30%.

Typical wells completed in the Atoka/Granite Wash formations have excellent economics with natural gas prices over \$5.50 per mcf at the ANR-OK index. The wells have relatively high initial production rates and pay out the well costs in two to three years. To ensure excellent economics from this play, we have hedged approximately two-thirds of our 2006 Atoka/Granite Wash production at prices ranging from \$8.10 per MMBTU to \$12.15 per MMBTU, indexed to the ANR-OK index.

Development of the Atoka/Granite Wash will take place over a multi-year period. At year end 2005 we estimated Atoka/Granite Wash 3P reserves of 177 BCFE of which 28.6 BCFE was booked as proved. If wells continue to exhibit historical drainage patterns, it could possibly take over 500 additional wells to fully develop the Atoka/Granite Wash reserves. In 2006 we are planning to participate in 46 Atoka/Granite Wash wells, of which we will operate 22. We operate three drilling rigs in this field.



■ ATOKA /GRANITE WASH LEASEHOLD

▲ 2006 BUDGETED LOCATIONS



THE ATOKA/GRANITE WASH WAS MAPPED USING GEOLOGIC DATA ACQUIRED FROM DRILLING DEEPER MORROW WELLS.

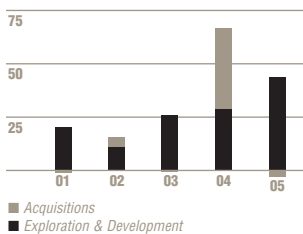
We operate three rigs in Northeast Mayfield and participate in wells drilled by other operators in the field.



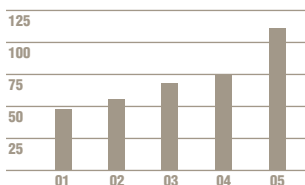
We had continued success in 2005 drilling horizontal wells in the James Lime formation with five successful wells in our Spider field. We successfully completed our first stimulated horizontal well in the Spider field in December 2005. This success creates additional development opportunities. We also participated in the development of the Elm Grove field in northern Louisiana. Our interest in the Elm Grove field was acquired in a transaction that

ARKLATEX REGION

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)



closed in December 2004. At Elm Grove, 35 of 36 wells were successfully completed in 2005 with one well being abandoned before the setting of surface casing due to mechanical problems during drilling. We estimate we have an interest in roughly 250 remaining wells to be drilled in the field. The Elm Grove field is highlighted on this page.

The ArkLaTex region's 2006 capital expenditures budget is \$66 million or 13% of our total \$500 million budget for exploration and development. The horizontal Limes program has a budget of \$23 million with 13 operated wells targeting the Glen Rose, Rodessa, Pettet and James formations planned for 2006. We plan to participate in 48 wells in the Elm Grove field at a cost of \$12 million. We will direct the balance of the 2006 capital program to continued development of Garrison, Terryville, Box Church and other existing fields as well as additional opportunities in the region.

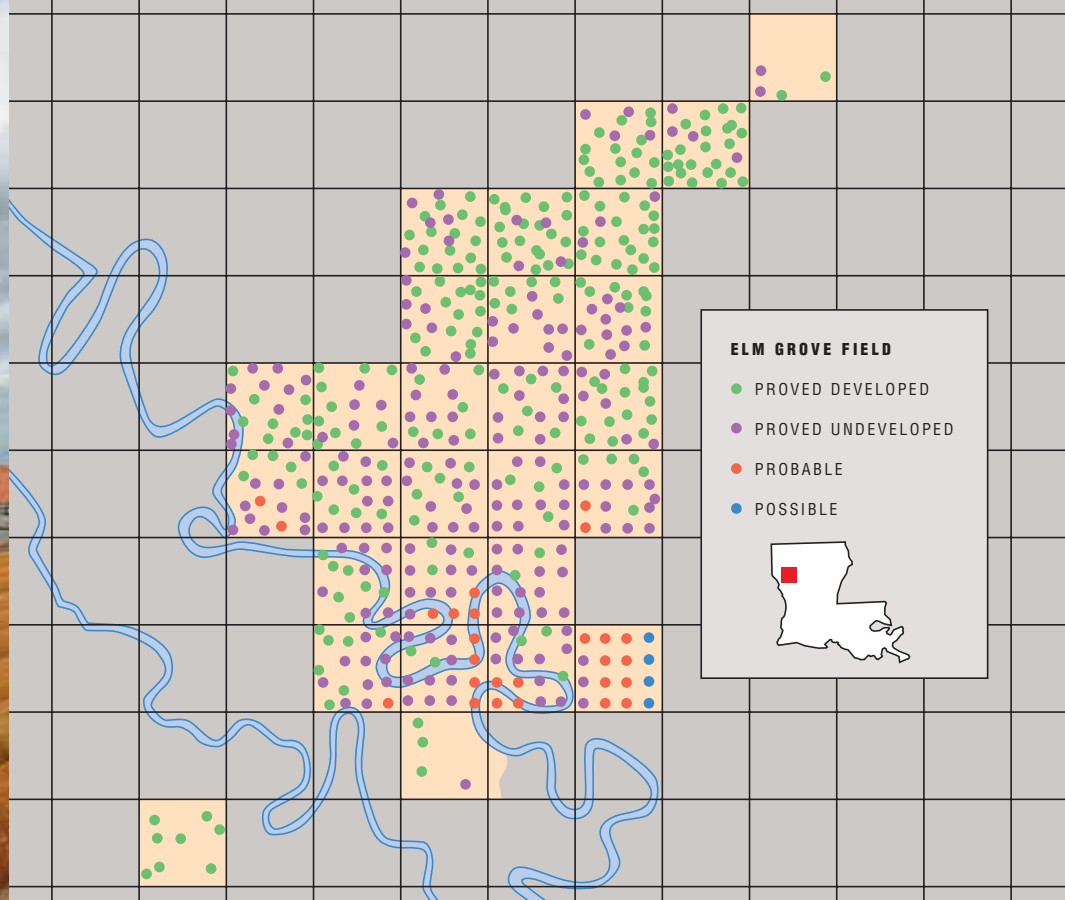


ELM GROVE FIELD

We acquired a non-operated interest in the Elm Grove field in December 2004. The field, located just 15 miles south of our Shreveport, Louisiana, office is undergoing an active redevelopment and extension of the thick pay sands of the Cotton Valley and Hosston formations. This is a tight gas play where wells are typically completed with two to three stages of fracture stimulation. The 640 acre proration units are being infilled on a 40 acre well spacing pattern. The wells have minimal dry hole risk and yield excellent economic returns at current commodity prices.

Although we normally prefer to be the operator, we have confidence in the operators in the field and value their access to drilling rigs in today's limited rig environment.

The Elm Grove field provides us a multi-year drilling inventory in a rich resource base. At year end 2005 we estimated 3P reserves of 59 BCFE, of which 48.9 BCFE were booked as proved. Of the estimated 250 wells remaining to be drilled on our acreage in the field, we plan to participate in 48 wells in 2006. If additional rigs become available, the number of wells to drill in 2006 could increase.



IN ELM GROVE, THE COTTON VALLEY AND HOSSTON FORMATIONS ARE BEING DEVELOPED USING MULTI-STAGE FRACTURE STIMULATIONS.

Paul Veatch is a St. Mary Vice President and the Regional Manager of our ArkLaTex region which includes the Elm Grove field.



GULF COAST AND PERMIAN BASIN REGIONS

GULF COAST REGION	
PROVED RESERVES	30.0 BCFE
PROVED DEVELOPED RESERVES	87%
% OF TOTAL PROVED RESERVES	4%
GAS/OIL MIX	93% / 7%
3P RESERVES	93 BCFE
TOTAL NET LEASED ACRES	53,000
NET UNDEVELOPED LEASED ACRES	31%
FEE ACRES	24,914
CAPITAL EXPENDITURES BUDGET	\$67 MILLION

Our Gulf Coast region includes properties in the Gulf of Mexico and the onshore Gulf Coast of Louisiana and Texas. Our 18-person office in Houston, Texas, manages our operations in the region in addition to our operations in the Permian Basin. Our presence in south Louisiana dates back to the early 1900s when our founders acquired a franchise property in St. Mary Parish on the shoreline of the Gulf of Mexico. We have received oil and gas royalty income from these 24,914 acres of fee lands since 1938. Income from our fee lands will increase in 2006 as we have a 21% royalty interest in the SM 24-1 ST well completed in 2005 that went on production in 2006 and is currently producing 15 MMCFED. The fee lands represent a small portion of our production, but still yielded \$3.4 million

of oil and gas royalty revenue to St. Mary in 2005. The onshore Gulf Coast and Gulf of Mexico became a core area in 1999 with the acquisition of King Ranch Energy, Inc.

At year end 2005, the Gulf Coast region, including our Permian Basin properties, represented 10% of our proved reserves and 11% of our 3P reserves. Production from the Gulf Coast region, including our Permian Basin properties, was 12.3 BCFE or 14% of our total production in 2005.

The Gulf Coast region's 2006 capital expenditures budget, including our Permian Basin properties, is \$71 million or 14% of our total \$500 million budget for exploration and development expenditures in 2006. The Gulf Coast region is focused on exploration and exploitation opportunities. Approximately 65% of this budget, or \$46 million, is for exploratory drilling. This exploration is directed toward low and moderate-risk opportunities with a direct hydrocarbon indicator (DHI) or areas where we have niche expertise. We plan to participate in eight onshore and five offshore DHI prospects in 2006.

In 2005, we participated as a non-operator in our first well in the intermediate deep water. This successful well logged 114 net feet of productive pay. Depending on rig availability, the completion is scheduled for 2006 with first production set to begin in late 2007. This completion, as well as our participation in two additional DHI exploration prospects and the anticipated seismic and land costs

We have received royalty income from our fee lands in St. Mary Parish, Louisiana since 1938.



associated with a new exploration joint venture for the intermediate deep water are included in the remaining \$28 million budgeted for the region in 2006.

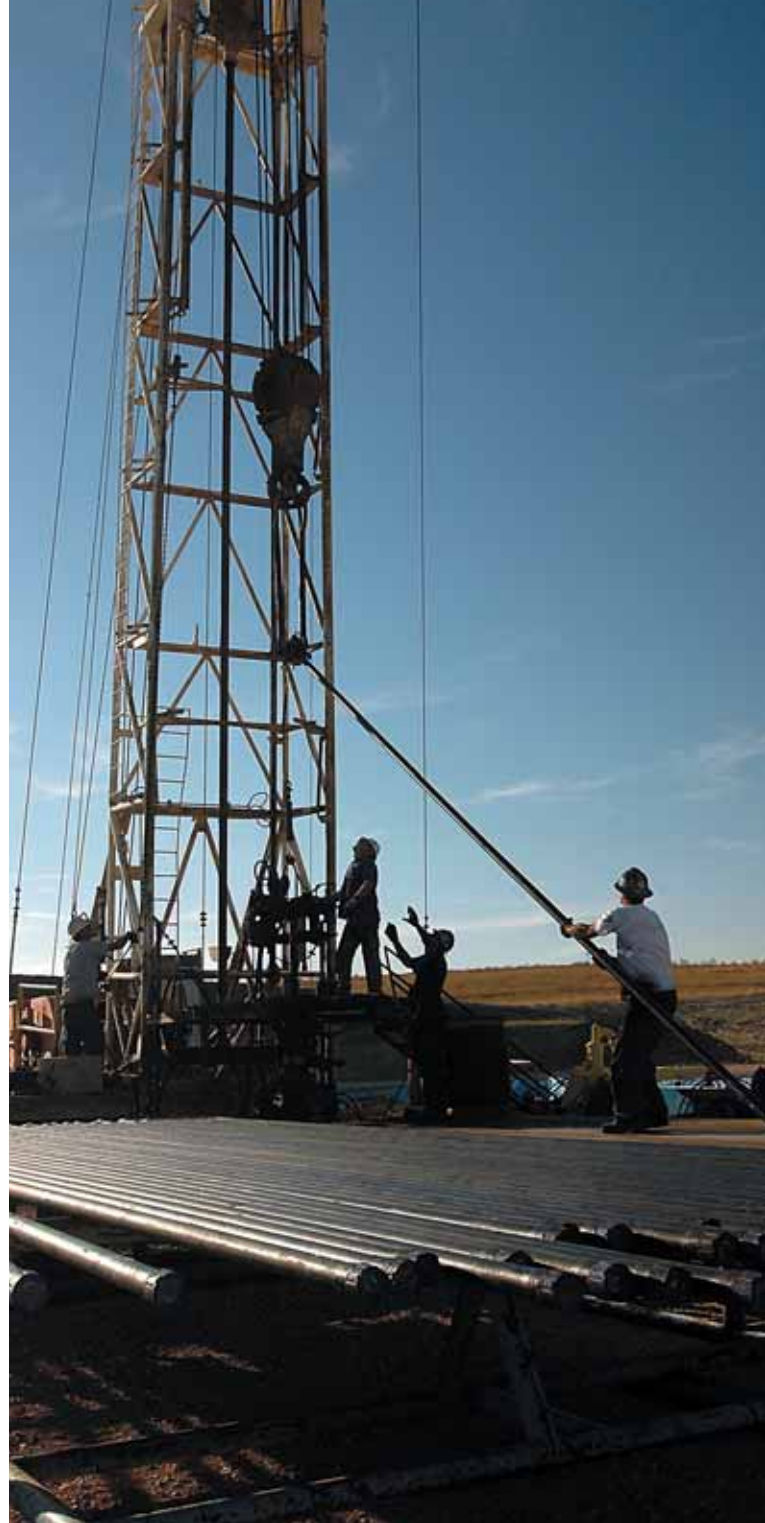
We continue to participate in the successful development of the Judge Digby field located in Point Coupee Parish outside Baton Rouge, Louisiana. We own an 11.5% working interest in two wells that we are drilling and will complete in early 2006. We also will participate in the recompletion of several wells in Judge Digby field during the year. Because of the multiple potential pay zones in each of the wells in the field, we anticipate recompletion activity to continue in the Judge Digby field for many more years.

PERMIAN BASIN REGION

PROVED RESERVES	49.9 BCFE
PROVED DEVELOPED RESERVES	86%
% OF TOTAL PROVED RESERVES	6%
GAS/OIL MIX	14% / 86%
3P RESERVES	81 BCFE
TOTAL NET LEASED ACRES	11,000
NET UNDEVELOPED LEASED ACRES	40%
CAPITAL EXPENDITURES BUDGET	\$4 MILLION

Our properties in the Permian Basin are in eastern New Mexico and western Texas. Our activity in the Basin during 2005 was directed primarily toward continued development of our waterflood projects at Parkway and East Shugart in Lea and Eddy Counties, New Mexico. During 2005, we completed seven wells in the Parkway Delaware Unit. We initiated waterflood operations in 1999 when production was 605 Bbbls per day. Production exited 2005 at 1,620 Bbbls per day. During the year, we drilled seven wells, including six infill wells, in the East Shugart Delaware Unit. This waterflood unit is an analog to the Parkway Delaware Unit. Oil production increased 14% as the formation continued to respond to water injection.

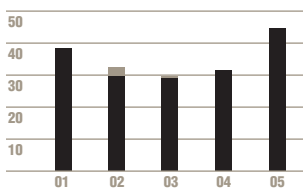
We have allocated \$4 million to the Permian Basin region's 2006 capital expenditures program, including \$2 million for our west Texas HJSA program to drill six development wells, two exploitation/exploration wells and ten recompletions. Work is also planned in the Parkway Delaware and Shugart Delaware units to optimize waterflood performance.



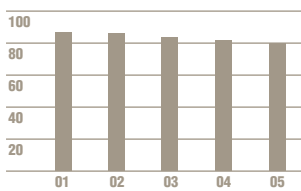
We continue to develop the Parkway and East Shugart waterflood projects in Lea and Eddy Counties, New Mexico.

GULF COAST/PERMIAN BASIN REGIONS

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)



■ Acquisitions
■ Exploration & Development

DIRECTORS

Barbara M. Baumann ^{(1),(3),(4)}
Denver, Colorado
President
Cross Creek Energy Corporation

Larry W. Bickle ^{(2),(4)}
Houston, Texas
Managing Director
Haddington Ventures, L.L.C.

Thomas E. Congdon ⁽¹⁾
Denver, Colorado
Former Chairman
St. Mary Land & Exploration Company

William J. Gardiner ^{(1),(3)}
Houston, Texas
Chief Financial Officer
King Ranch Inc.

Mark A. Hellerstein ⁽¹⁾
Denver, Colorado
Chairman, President and
Chief Executive Officer
St. Mary Land & Exploration Company

John M. Seidl ^{(2),(3)}
Aspen, Colorado

William D. Sullivan ^{(2),(4)}
The Woodlands, Texas
Former Executive Vice President
Anadarko Petroleum Corporation

(1) Executive Committee

(2) Nominating and Corporate
Governance Committee

(3) Audit Committee

(4) Compensation Committee

OFFICERS

Mark A. Hellerstein
Chairman, President and
Chief Executive Officer

Douglas W. York
Executive Vice President and
Chief Operating Officer

Robert L. Nance
Senior Vice President, President and
CEO of Nance Petroleum Corporation

Jerry R. Schuyler
Senior Vice President and
Regional Manager, Gulf Coast

Kevin E. Willson
Senior Vice President and
Regional Manager, Mid-Continent

Robert T. Hanley
Vice President—Investor Relations
and Management Reporting

W. David Hart
Vice President—Geology, ArkLaTex

David W. Honeyfield
Vice President—Chief Financial
Officer, Secretary and Treasurer

Milam Randolph Pharo
Vice President—Land and Legal,
Assistant Secretary

Paul M. Veatch
Vice President and
Regional Manager, ArkLaTex

Garry A. Wilkening
Vice President—Administration
and Controller

Linda A. Ditsworth
Assistant Vice President—
Land and Assistant Secretary

Michael F. Roach
Assistant Vice President—
Director of Taxation

Mark T. Solomon
Assistant Vice President—
Assistant Controller

David J. Whitcomb
Assistant Vice President—
Gas Marketing

INFORMATION ABOUT RESERVES

The SEC permits oil and gas companies to disclose only proved reserves in their public filings with the SEC. These are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. In portions of this annual report which are not publicly filed with the SEC, St. Mary uses the terms “probable,” “possible” and “3P” reserves, which terms SEC guidelines prohibit from being included in public filings with the SEC. Probable reserves are unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. Possible reserves are unproved reserves which are less likely to be recoverable than probable reserves. Estimates of probable and possible reserves included in 3P reserves which may potentially be recoverable through additional drilling or recovery techniques are by their nature more uncertain than estimates of proved reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company. In addition, our production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling and acquisition activity, which may be affected by significant commodity price declines or drilling cost increases.

INFORMATION ABOUT FORWARD LOOKING STATEMENTS

This annual report contains forward looking statements within the meaning of securities laws, including forecasts and projections for future periods. The words “will,” “believe,” “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 discussed in the “Risk Factors” and “Cautionary Information about Forward Looking Statements” sections of the accompanying 2005 Annual Report on Form 10-K. 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.

STOCKHOLDER INFORMATION

INVESTOR SERVICES

You can reach our corporate office at:

St. Mary Land & Exploration Company

1776 Lincoln Street, Suite 700

Denver, CO 80203

303-861-8140

We also have offices in Tulsa, Oklahoma; Shreveport, Louisiana; Billings, Montana; and Houston, Texas

St. Mary Land & Exploration Company

7060 South Yale, Suite 800

Tulsa, OK 74136-5741

918-488-7600

St. Mary Land & Exploration Company

330 Marshall Street, Suite 1200

Shreveport, LA 71101

318-424-0804

Nance Petroleum Corporation

550 N. 31st Street, Suite 500

Billings, MT 59101

406-245-6248

St. Mary Land & Exploration Company

580 Westlake Park Blvd., Suite 600

Houston, TX 77079

281-677-2800

INVESTOR RELATIONS CONTACT

Stockholders, securities analysts or portfolio managers who have questions or need information concerning St. Mary may contact Bob Hanley, Vice President—Investor Relations and Management Reporting, at 303-863-4377.

E-mail: bhanley@stmaryland.com

Annual Reports, 10Ks, 10Qs

To receive an information packet on St. Mary or to be added to our mailing list, contact Jim Robertson at 303-863-4322

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

NYSE: SM

The Company's common stock is listed for trading on the New York Stock Exchange under the symbol SM.

The price ranges of the Company's common stock by quarter for the last two years, as adjusted for the 2-for-1 stock split in March 2005, are provided below. As of February 15, 2006 the Company had 56,953,893 shares of common stock outstanding, net of 250,000 treasury shares owned by the Company.

Market Prices	2005 — Quarter Ended		2004 — Quarter Ended	
	high	low	high	low
March 31	\$26.73	\$19.45	\$17.07	\$13.87
June 30	30.45	21.46	18.60	15.90
September 30	37.80	28.89	20.07	15.88
December 31	41.14	30.52	21.50	18.56

OTHER INFORMATION

In 2005, St. Mary submitted to the New York Stock Exchange a certificate of the Chief Executive Officer of St. Mary certifying that he was not aware of any violation by St. Mary of the New York Stock Exchange corporate governance listing standards. St. Mary has filed with the SEC certifications of each of the Chief Executive Officer and the Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act as exhibits to the Annual Report on Form 10-K for the year ended December 31, 2005.



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