

A large, semi-transparent image of two hands shaking, symbolizing transition or agreement, set against a dark blue background.

TRANSITIONS



T R A N S I T I O N S

The theme of our 2006 Annual Report is Transitions. Over the course of our 99 year history, St. Mary has undergone many changes — changes in our business model, changes in asset composition, and changes in management.

The Company as it exists today would be almost unrecognizable to those who founded it in 1908 with the hope of using 25,000 acres of land in St. Mary Parish, Louisiana for agriculture and mining. Chester Congdon, one of the original five founders of the Company, led St. Mary at the creation of the enterprise. Early on the Company became an oil and gas royalty owner when oil was discovered on our fee lands in 1938. Tom Congdon, grandson of Chester Congdon, became the President of the Company in 1966 and moved the executive offices from Duluth, Minnesota to Denver, Colorado. Under Tom Congdon's watch, the Company began using part of the royalty income from the fee lands to participate with partners in other oil and gas ventures. The Company began planning for transition from family management in 1991 with the hiring of Mark Hellerstein, who became CEO in 1995, and Ron Boone, who led St. Mary as COO through 2002. In 1992, St. Mary transformed into an operator of oil and gas properties with an acquisition in Shreveport, Louisiana. From 1992 on, the Company grew and opened offices in Tulsa, Oklahoma, Billings, Montana, and Houston, Texas. In 2006, Mark Hellerstein announced his intention to retire from day-to-day management. Tony Best was hired as his replacement and became CEO in late February of 2007. During the same month, the Company opened an office in Midland, Texas to manage newly acquired assets in the Permian Basin. Today, the Company operates in five core areas managed from our five regional offices and has the largest project inventory in its history.

Throughout the history of St. Mary, we have seen tremendous changes. In fact, as we approach our 100th year in business, the one thing we know with certainty is that change will occur. It has been our ability to manage change and its attendant transitions that has made St. Mary successful for almost a century.

1908 1938 1941 1966 1978 1980 1991 1992



St. Mary Parish Land Company founded by five investors including Chester Congdon.

Company begins paying cash dividends to stockholders, which it has done continually since then.

Natural gas discovered at Belle Isle in Louisiana.

Initial discovery on the Company's fee lands in South Louisiana at St. Mary No. 1 (9,910 ft, 335 bbl/d) at the Horseshoe Bayou field.



St. Mary invests in the Anderman/Smith Operating Company and begins participating in the Anadarko Basin.



St. Mary Parish Land Company moves executive office to Denver, CO from Duluth, MN; Tom Congdon, grandson of Chester Congdon, becomes President.

St. Mary hires Mark Hellerstein and Ron Boone and plans for transition from family management.

With Anderman/Smith, St. Mary granted production license #1 for development of the Chernogorskoye Field in Russia.

Establish position in Williston Basin via Panterra Partnership with Nance Petroleum.

St. Mary participates in 46 wells in Oklahoma, 17 of which are drilled deeper than 15,000 feet.

St. Mary goes public on the NASDAQ with the ticker MARY.

Company acquires T.L. James oil and gas division in Shreveport, becoming first operating regional office.

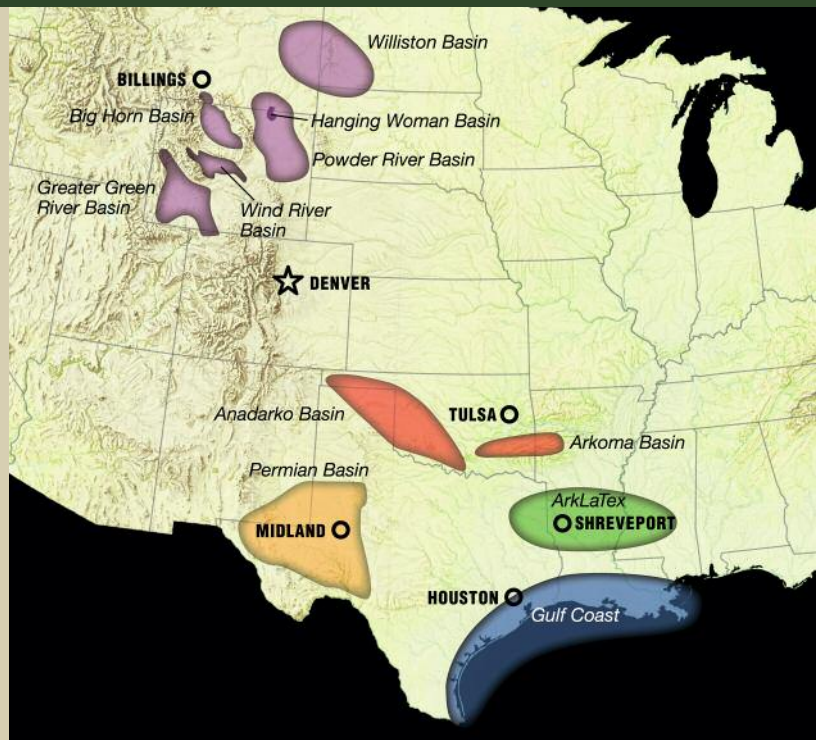
COMPANY AT A GLANCE

OPERATIONS

We operate in five core areas managed by our regional offices. The Mid-Century, Rocky Mountain, ArkLaTex, Permian Basin, and Gulf Coast regions are operated out of our offices in Tulsa, Oklahoma; Billings, Montana; Shreveport, Louisiana; Midland, Texas; and Houston, Texas, respectively. 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 financial, accounting, land administration, and general administrative support for the regional operations.

In 2007, we will operate approximately 72 percent of our \$721 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. Operatorship also gives us the ability to control the decision making and pace related to the drilling portion of our growth strategy, whereby we can accelerate activity through the drill bit in periods where acquisitions may be more expensive than we are willing to pay.

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



ACQUISITIONS

The acquisition of oil and gas assets is an important part of our growth strategy. We historically have focused on smaller niche acquisitions in existing core areas where our transactions are enhanced by our ability to leverage off of our regional technical expertise, our strong industry relationships, and our financial flexibility. In recent years, we have transitioned from a company which was more dependent on acquisitions for growth to one that has a foundation of multi-year drilling programs that provide visible growth over a number of years.

1995

Mark Hellerstein succeeds Tom Congdon as CEO.



1996



Established first leasehold position at Northeast Mayfield in Oklahoma.

Siete Oil and Gas acquisition establishes our presence in the Permian Basin.

1997

Sold interest in Chernogorskoye joint venture at a profit.

1999

Acquisition of King Ranch Energy, Inc. for \$52 MM, the largest acquisition to date, establishes direct operations in the Gulf Coast.

Acquisition of Nance Petroleum.



2000

Significant geologic-driven discoveries made at Northeast Mayfield and Constitution.

2002



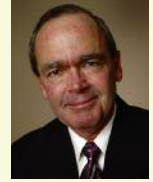
St. Mary moves stock listing to the New York Stock Exchange, trading under the symbol SM.

Tom Congdon retires as Chairman of the Board.

2003

Acquisition of Flying J Oil & Gas for \$73 MM in Williston Basin and Southern Rockies.

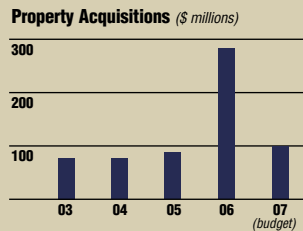
2006



Tony Best hired as President and COO and named as successor to Mark Hellerstein as CEO.

St. Mary acquires Sweetie Peck assets for \$248 MM in the Midland Basin in West Texas, the largest acquisition in the Company's history.

This shift occurred in part due to the overly competitive acquisition environment that developed in recent years. We believe the acquisition market is returning to a more rational state from the frenzied market we have seen. While we are less reliant on acquisitions for growth than we have been historically, our strategy is to opportunistically pursue acquisitions that enhance our ability to grow stockholder value.



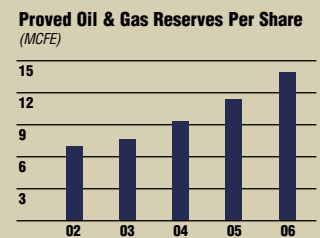
In 2006, we spent \$282.9 million on acquisitions. This represented 35 percent of our total capital expenditures program. This included \$247.6 million for the Sweetie Peck acquisition in the Permian Basin, which was the largest acquisition in the Company's history. The transaction was from a familiar play book that we have utilized time and again: acquire high working interest, operated properties in familiar basins that have exploitation potential through negotiated transactions. In 2007, we have budgeted \$100 million, or 12 percent of our capital expenditures budget, for acquisitions. Over the last five years, we have completed \$612.6 million of property acquisitions.

FINANCIAL STRATEGIES

St. Mary's objective is to increase net asset value per share by 15 percent on a compounded basis over time through consistent economic growth in reserves and production. To achieve this objective, we believe we have to replace, on

average, at least 200 percent of our annual production and to have full cycle economics in the top quartile of our peer group. Over the past three years, we have replaced an average of 231 percent of our production with an all-in finding and development cost of \$2.61 per MCFE. Through December 31, 2006, we have provided our stockholders, in dividends and stock appreciation, a compounded rate of return of 21 percent since we became a public company in December 1992.

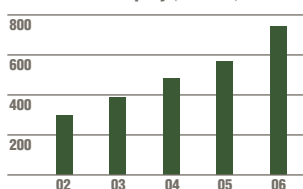
Our strategy requires we maintain a strong balance sheet. We believe this allows us to weather cycles of low commodity prices and to be opportunistic when capital is not readily available to our peers. We are willing to become aggressive and increase our debt to capitalization ratio during down cycles in order to make strategic acquisitions. As of December 31, 2006, we have a debt to capitalization ratio of 37 percent. In February 2007, we announced our intention to redeem the \$100 million of Senior Convertible Notes that were outstanding. In March 2007, holders of the notes converted 100 percent of the notes into shares of St. Mary common stock. The conversion resulted in the issuance of 7,692,295 shares of common stock. Our pro forma debt to capitalization ratio on December 31, 2006, considering the conversion of the convertible notes, was 29 percent.



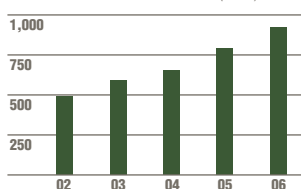
FINANCIAL HIGHLIGHTS

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|------------|------------|------------|------------|------------|
| <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 | \$ 758,913 | \$ 711,005 | \$ 413,318 | \$ 365,114 | \$ 185,670 |
| Gains on sales and other | 28,788 | 28,585 | 19,781 | 28,594 | 10,635 |
| Total operating revenues | \$ 787,701 | \$ 739,590 | \$ 433,099 | \$ 393,708 | \$ 196,305 |
| Net income | \$ 190,015 | \$ 151,936 | \$ 92,479 | \$ 95,575 | \$ 27,560 |
| Diluted earnings per share | | | | | |
| | \$ 2.94 | \$ 2.33 | \$ 1.44 | \$ 1.40 | \$ 0.49 |
| Cash dividends declared and paid per share | | | | | |
| | \$ 0.10 | \$ 0.10 | \$ 0.05 | \$ 0.05 | \$ 0.05 |
| Diluted weighted average common shares outstanding | | | | | |
| | 65,962 | 66,894 | 66,894 | 71,069 | 56,782 |
| Balance Sheet Data | | | | | |
| Working capital | \$ 22,870 | \$ 4,937 | \$ 12,035 | \$ 3,101 | \$ 2,050 |
| Total assets | 1,899,097 | 1,268,747 | 945,460 | 735,854 | 537,139 |
| Long-term debt | 433,980 | 99,885 | 136,791 | 110,696 | 113,601 |
| Stockholders' equity | 743,374 | 569,320 | 484,455 | 390,653 | 299,513 |
| Average Net Daily Production | | | | | |
| Gas (Mcf) | 154,652 | 141,922 | 127,316 | 136,062 | 104,558 |
| Oil (Bbls) | 16,594 | 16,238 | 13,113 | 12,441 | 7,713 |
| MCFE (6:1) | 254,214 | 239,352 | 205,992 | 210,709 | 150,836 |
| Average Realized Sales Price | | | | | |
| Gas (per Mcf) | \$ 7.37 | \$ 7.90 | \$ 5.52 | \$ 4.89 | \$ 3.00 |
| Oil (per Bbl) | \$ 56.60 | \$ 50.93 | \$ 32.53 | \$ 26.96 | \$ 25.34 |
| Reserves | | | | | |
| Gas (Mcf) | 482,475 | 417,075 | 319,196 | 307,024 | 274,172 |
| Oil (Bbls) | 74,195 | 62,903 | 56,574 | 47,787 | 36,119 |
| MCFE (6:1) | 927,647 | 794,493 | 658,638 | 593,744 | 490,887 |

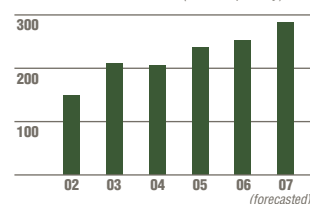
Stockholders' Equity (\$ millions)



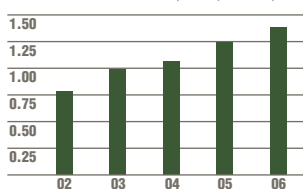
Proved Oil & Gas Reserves (BCFE)



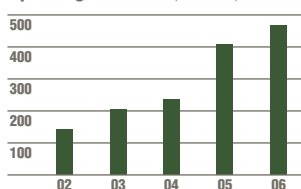
Oil & Gas Production (MMCFE per day)



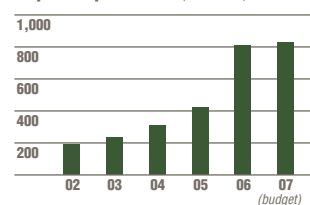
Oil & Gas Production (MCFE per share)



Operating Cash Flow (\$ Millions)



Capital Expenditures (\$ Millions)



TO OUR STOCKHOLDERS

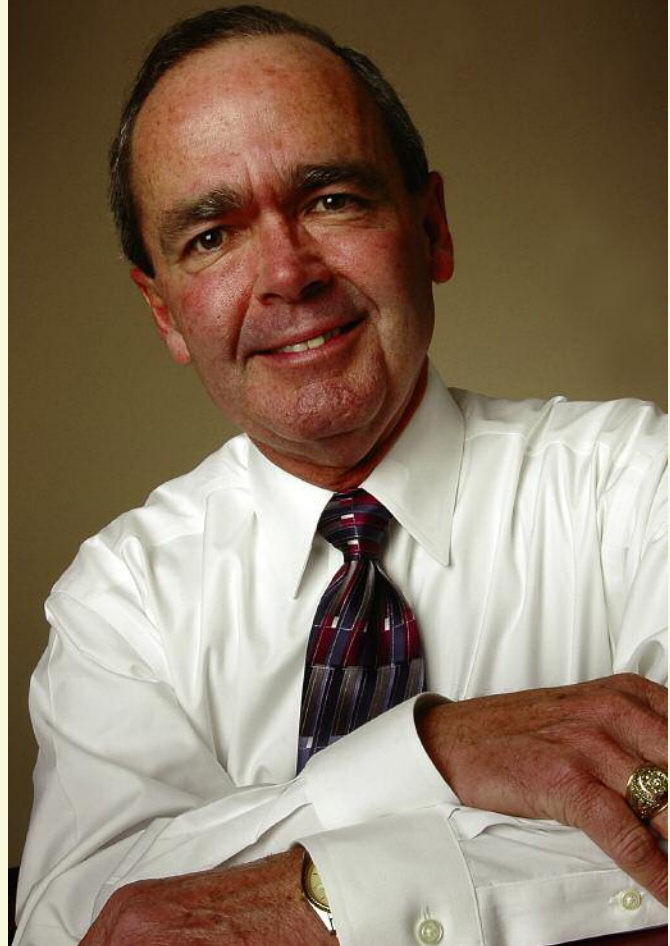
This year has truly been a period of transition for St. Mary in many ways. First and foremost, our management team has been transformed with Mark Hellerstein's retirement as CEO in February 2007, and with my assumption of those duties and responsibilities. After joining the Company in June 2006 as President and COO, Mark and I spent eight months ensuring that there was an efficient and thorough handover process. A detailed "CEO Transition Plan" was developed and successfully implemented prior to Mark's retirement in February. In addition, our new COO, Jay Ottoson, joined St. Mary in December of 2006, and we are very pleased to have someone with his skills and experience joining our management team.

While there have been changes in key personnel, there are critical fundamentals and priorities of our business that will not change going forward. Our basic values, financial discipline, and strategies for growth will continue to guide St. Mary in the future. For example, our guiding performance metric of NAV per share growth will continue to be a driver for our long-term success. We will also maintain our key growth objectives including achieving greater than 200 percent reserve replacement and double digit production growth each year. I fully subscribe to our decentralized business model which empowers our regional organizations. And while there have been changes in senior management, our employee base—the engine driving our success—remains committed to the values and mission that make St. Mary the company it is today.

2006 Reflections and 2007 Plans

2006 was another very active and successful year for St. Mary. We set several performance records last year, including:

- Net income of \$190.0 MM, up 25 percent.
- Total production of 92.8 BCFE, up 6 percent.
- Proved reserves of 927.6 BCFE, up 17 percent.



ANTHONY J. BEST — PRESIDENT & CHIEF EXECUTIVE OFFICER

It was also a record-setting year for acquisitions, including the Sweetie Peck Prospect in the Permian Basin, which was acquired for \$247.6 MM. This is the largest single acquisition in Company history. Closing on this property occurred in December 2006, and we assumed operatorship on February 1, 2007. We expect to expand our development drilling at Sweetie Peck from the current two rig program to four rigs by year end. At the same time, we opened a new office in Midland, Texas to manage Sweetie Peck and our other Permian Basin assets. With "boots on the ground," I am confident we will be able to leverage our presence in Midland. Other notable events in 2006 included:

- Drilling or participating in 492 wells with a 95 percent success rate.
- Advancement of several cornerstone development programs including Hanging Woman Basin, Elm Grove Field, Horizontal Arkoma, and Northeast Mayfield.
- Re-purchase of 3.3 million shares of St. Mary common stock.

The transition of these programs from emerging plays a few short years ago into multiple years of drilling inventory positions the Company for continued organic growth and financial success. We plan to continue to identify and to participate in new resource plays in the continental United States that will expand our inventory of drilling projects and add to an already strong foundation of low risk, repeatable opportunities.

We enter 2007 with a significant amount of momentum. Our project inventory has never been larger, as our anchor resource plays have continued to grow due to our drilling and leasing success. We have taken the opportunity to acquire strategic leasehold ahead of our competition at reasonable terms and on trend with existing productive geologic formations. Our Sweetie Peck acquisition in West Texas adds several years of development activity to our base.

Leveraging off of this robust inventory of oil and gas investment opportunities, we are now executing our 2007 capital program, which includes our participation in over 750 new wells. Our capital spending for this year is targeted at \$821 million, which includes \$100 million for potential acquisitions. The exploration and development program will be an exciting challenge for our Company, but we are confident that we have the talent and tenacity to successfully implement the program. The exploration and drilling component of the budget, \$721 million, represents a 38 percent increase over 2006. Regional overviews of our 2006 activity and 2007 plans, as well as updates on our cornerstone programs are provided later in this annual report.

We continue to recruit skilled and experienced personnel in all of our regional offices, as well as at our Denver headquarters. A timely example of our recruiting success has been the staffing of our new Midland office. We now have on-board over 90 percent of our new staff, all of whom were hired locally and represent some of the best and brightest in the business. They will be a great addition to St. Mary's organization which is comprised of many dedicated and truly talented people.

We have prepared and are now implementing a plan for 2007 that will continue the Company's excellent track

record of reserve and production growth, while maintaining our discipline to ensure we grow NAV per share.

Making History in 2007

We are embarking on an exciting and historic year for the Company as we enter our 100th year in business as St. Mary Land & Exploration. The transition from a passive royalty distribution vehicle to today's high growth, high-tech oil and gas company has been remarkable. We are determined to develop and grow our asset base with a true sense of our heritage and commitment to the ideals that created the foundation for our long-term success.

Closing Remarks

As we conclude our transition to new leadership at St. Mary, it is appropriate to recognize and to thank our former CEO, Mark Hellerstein, for his many years of dedication, leadership, foresight, and tremendous achievement. He will truly be a tough act to follow. I certainly look forward to our ongoing collaboration for the benefit of the Company as he continues in his role as Chairman of the Board. On behalf of every St. Mary employee, our Board of Directors, our stockholders, and Mark's many friends and colleagues, we offer Mark our best wishes and Godspeed in his new endeavors as he takes this new direction in life.

March 12, 2007



ANTHONY J. BEST

President and Chief Executive Officer

OPERATIONS OVERVIEW

Although St. Mary's senior management team has undergone significant changes in personnel in the past year, our fundamental strategies remain the same. We continue to focus on building a large portfolio of low to medium risk drilling opportunities in mature multi-pay basins. Our regional office model of organization allows us to recruit and retain staff that has significant local expertise and



JAY OTTOSON
EXECUTIVE VICE PRESIDENT
& CHIEF OPERATING OFFICER

provides us access and insight into potential acquisition opportunities in each region. We approach all of our capital spending with financial discipline and maintain an incentive compensation system that aligns employee actions with our stockholders' interests. These simple strategies have worked well for St. Mary in the past, and we believe will continue to serve us well into the foreseeable future.

In 2006, St. Mary had a strong reserve replacement year, replacing 244 percent of our production with new reserves.

Our drill bit reserve additions totaled 140 percent of production and we added 104 percent of production through acquisitions (net of divestitures). Excluding downward price revisions that occurred as a result of the much lower gas price at the end of 2006 versus year-end 2005, our reserve replacement percent would have been 300 percent. Production in 2006 grew 6 percent on average for the calendar year when compared to 2005.

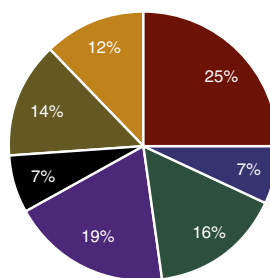
One of the major reasons for our success in reserve growth was our \$247.6 million acquisition of oil and gas properties in the Sweetie Peck Prospect in West Texas. This acquisition closed in December, adding high working interest, low risk drilling opportunities to our portfolio and significantly increasing our position in the Permian Basin. Sweetie Peck was the largest acquisition in the history of St. Mary and is now the largest single field in the Company with 77.8 BCFE of proven reserves. Sweetie Peck is largely an oil producing property; 80 percent of the proved reserves are oil. Our balance of oil and natural gas reserves is driven by our strategy to focus on projects where we believe we can add value. We were able to hedge a significant portion of our future production from Sweetie Peck at very attractive prices, thereby locking in a strong economic return. With Sweetie Peck in our asset base we made the decision to open a regional office in Midland, Texas.

Our total capital expenditures for exploration and development in 2006 were \$522.6 million, up from \$333.7 million in 2005. In total, we drilled or participated in 354 conventional wells and 138 coal bed methane wells in 2006, up from 278 and 125, respectively, in 2005. Our costs were also up in 2006 due to increases in service and material costs. Suppliers and contractors continued to try to find the highest level of pricing that the market would bear given the higher oil and gas prices of the last several years. Our all-in finding and development cost for the year was \$3.56 per MCFE. In addition to the impact of cost pressure from our suppliers, several of our drilling programs were not as productive as we had expected for the amount of capital that was deployed. We believe that our 2007 portfolio of projects will allow us to generate finding costs more in-line with our historic performance.

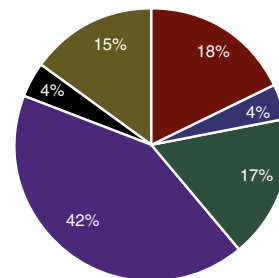
Our 2007 plan envisions spending \$721 million in exploration and development spending, roughly a \$200 million or 38 percent increase over 2006. A large portion of this increase, \$86 million, is going into drilling up the potential at Sweetie Peck where we will be adding to the two rigs now working in the field. We expect to be at a four rig program by year-end. The ArkLaTex region will see significant increases in spending with our Cotton Valley development programs at Elm Grove and Terryville, as well as the horizontal James limestone program. Our Hanging Woman coal bed methane project in the Rockies is expected to grow to 258 wells in 2007. More details about 2006 activity and 2007 plans in each of our operating regions are contained in the regional overviews in the next section of this report.

Lastly, and very importantly, safety, health, and environmental performance and compliance are key values for St. Mary. As we continue to grow the Company, we are committed to ongoing vigilance in these areas.

2007 Capital Expenditures Budget By Region



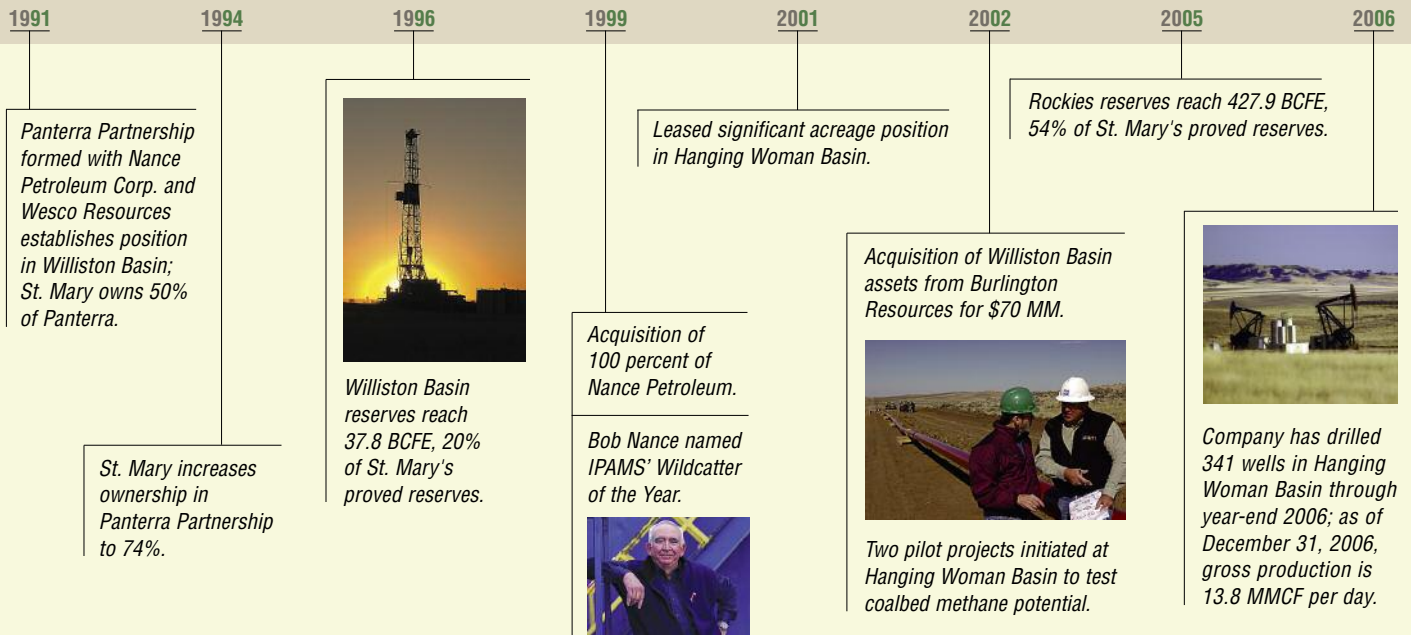
Reserve Base By Region



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







ROCKY MOUNTAIN REGION

St. Mary's activity in the Rocky Mountain region dates back to 1991, when it acquired the properties forming the basis of its Panterra Partnership with Nance Petroleum Corporation. The relationship was highly successful and in 1999 St. Mary acquired Nance Petroleum as a wholly-owned subsidiary. The office in Billings, Montana, has 112 full-time employees and today manages all of our operations in this region.

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. The Hanging Woman Basin coalbed methane project began in 2001 and is located in the northwestern portion of the Powder River Basin.

Our Rocky Mountain region experienced mixed results in 2006. The region's proved reserves decreased one

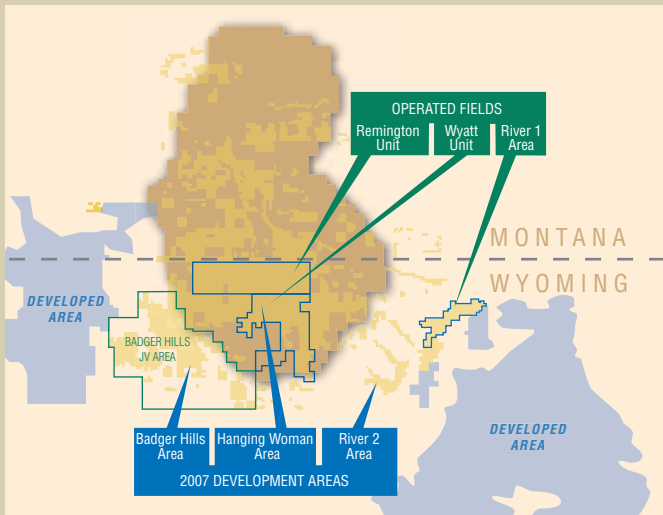
| | 2006 | 2005 |
|---|---------|---------|
| PRODUCTION (BCFE) | 39.5 | 37.8 |
| PRODUCTION GAS/OIL MIX | 25%/75% | 23%/77% |
| PROVED RESERVES (BCFE) | 422.9 | 427.9 |
| PROVED RESERVES GAS/OIL MIX | 26%/74% | 26%/74% |
| PROVED DEVELOPED % | 92% | 89% |
| % OF TOTAL PROVED RESERVES | 46% | 54% |
| 3P RESERVES (BCFE) | 1,431 | 1,435 |
| 3P RESERVES GAS/OIL MIX | 67%/33% | 67%/33% |
| TOTAL NET LEASED ACRES | 874,200 | 872,000 |
| UNDEVELOPED % OF NET LEASEHOLD | 72% | 74% |
| 2007 CAPITAL EXPENDITURE BUDGET (\$MM): | | |
| CONVENTIONAL ROCKIES | \$155 | |
| HANGING WOMAN BASIN | \$ 58 | |

percent to 422.9 BCFE, production increased 5 percent to 39.5 BCFE, and we increased our net acreage position to 874,200 acres, 72 percent of which is undeveloped. Our 3P reserves at year-end 2006 were 1.4 TCFE, 67 percent of which were natural gas. This region's production and proved reserves historically have been weighted toward oil, but the Company's 3P potential is dominated by the 847 BCFE of natural gas reserves at Hanging Woman Basin. The Rocky Mountain region represents 46 percent of our proved reserves, 49 percent of our 3P reserves, and 43 percent of our 2006 production.

The most active programs in the Rocky Mountain region this past year were our horizontal programs targeting the Middle Bakken, Mission Canyon, and Ratcliffe formations in the Williston Basin, the infill and optimization program at the Murphy Dome oil field, the expanding drilling program in the Greater Green River Basin, and our Hanging Woman Basin coalbed methane play highlighted on page 8. In 2006, the Rocky Mountain region completed 107 conventional wells with a 96 percent success rate, and drilled 138 coalbed methane wells. The region spent \$161.3 million, including \$14.9 million for acquisitions, which represented 20 percent of our total 2006 capital expenditures.

The Rocky Mountain region's 2007 capital expenditures budget is \$213 million, or 30 percent of the Company's total \$721 million budget for exploration and development.

HANGING WOMAN BASIN



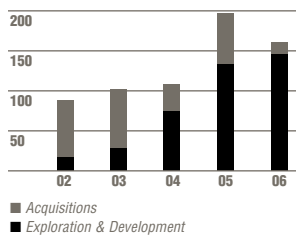
The Hanging Woman Basin (HWB) located in northern Wyoming and southern Montana is a sub-basin of the Powder River Basin. Since 2001 we have accumulated approximately 171,000 net acres of leases in the HWB for coalbed natural methane development. We initially conducted two pilot programs during 2002 to evaluate the coalbed methane 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 2006, 263 wells were producing or dewatering. Production at Hanging Woman Basin as of December 31, 2006, was 13.8 MMCF per day gross, 8.7 MMCF per day net.

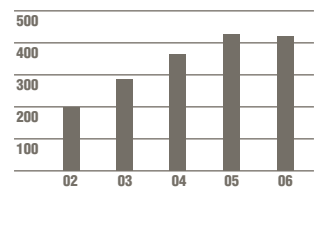
Development of the HWB is a multi-year project. At year-end 2006, Netherland, Sewell & Associates, an independent petroleum engineering firm, estimated total proved, probable and possible (3P) reserves in our HWB project to be 847 BCFE net to St. Mary, a 2 percent increase from the prior year. At year-end 2006, 33.4 BCFE was booked as proved reserves. There are approximately 3,000 wells remaining to be drilled on our HWB acreage. In 2007, we estimate we will drill or participate in approximately 258 wells in the HWB, 218 of which will be operated by the Company. Planned activity is focused on continuing development of the shallow and intermediate coal packages, plus a handful of horizontal tests targeting the deeper Roberts and Kendrick coals. We have allocated \$58 million for drilling, permitting, and infrastructure costs this year. Although we anticipate we will be able to increase our level of drilling activity over time, it will take many years to fully develop our HWB project.

ROCKY MOUNTAIN REGION



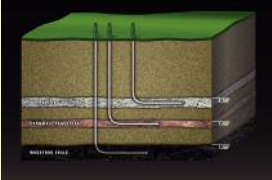

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)



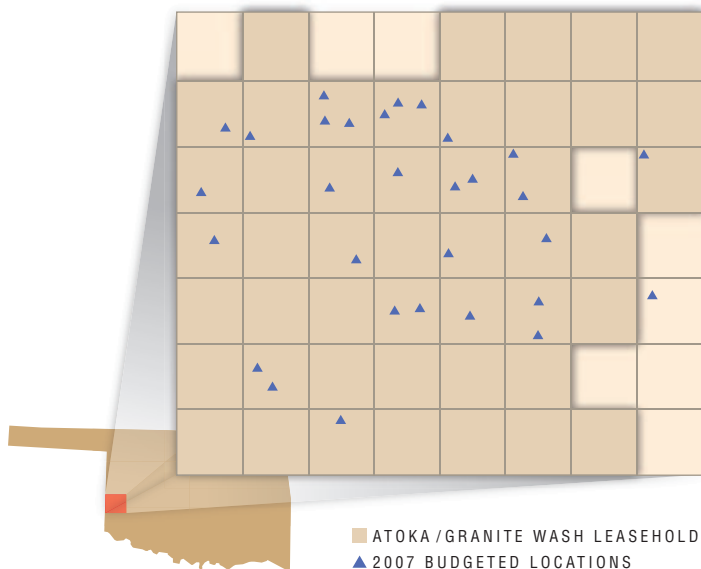
Of the \$213 million, \$155 million is budgeted for the conventional Rockies program and the remainder for activities at Hanging Woman Basin. In the conventional Rockies program, we plan to drill or participate in 178 gross wells in 2007. We will operate 81 percent of the planned capital expenditures forecasted for the conventional activity. Our operated activities are focused on expanding a horizontal re-entry program targeting the Mississippian formations of the Williston Basin and targeting the Lewis and Almond formations in the Greater Green River Basin. Fewer operated wells are planned for the Bakken in 2007 as this successful grass roots program is nearing the end of primary development. We will, however, attempt a handful of horizontal re-entry wells targeting the Bakken formation this year. We continue to exploit what we believe to be a competitive advantage in drilling wells in the Red River formation. In 2007, our non-operated activities are dominated by horizontal Bakken, Madison, and Mission Canyon wells, as well as a significant number of wells at the Atlantic Rim coalbed methane development in Wyoming.

| | | | | | | | |
|--|------|--|------|---|---|---|---|
| 1978 | 1980 | 1980-1994 | 1995 | 1996 | 2000 | 2001 | 2005 |
| <p><i>St. Mary participates in 46 wells in Oklahoma, 17 of which are drilled deeper than 15,000 ft.</i></p> | | <p><i>St. Mary participates in 378 wells in Oklahoma, of which 296 are completed as producers.</i></p>  | | <p><i>St. Mary acquires remainder of Anderman/Smith Operating Company, forming the basis for direct operations in Oklahoma.</i></p>  | <p><i>Establishes first leasehold position at Northeast Mayfield.</i></p> | <p><i>St. Mary leases 25 sections in Coal County, Oklahoma, marking its entrance into the Arkoma Basin.</i></p> | <p><i>St. Mary drills first horizontal well at Centrahoma in to the Cromwell formation.</i></p>  |
| <p><i>St. Mary invests in the Anderman/Smith Operating Company and begins participating in the Anadarko Basin.</i></p> | | <p><i>St. Mary acquires remainder of Anderman/Smith Operating Company, forming the basis for direct operations in Oklahoma.</i></p>  | | <p><i>Significant geologic-driven discoveries made at Northeast Mayfield and Constitution.</i></p> | | | |

MID-CONTINENT REGION

The Mid-Continent region owes its beginnings to an investment in the Anderman/Smith Operating Company that dates back to the late 1970s. In the mid-1990s, the Company acquired the remaining interests of Anderman/Smith. Today our activity in the region is managed out of our Tulsa, Oklahoma office by a 50-person staff. Our Mid-Continent region primarily includes our operations in the Anadarko and Arkoma basins in Oklahoma.

Our activity in the Mid-Continent region in 2006 focused on vertical Atoka/Granite Wash wells at Northeast Mayfield and horizontal wells targeting the Wapanucka limestone, Cromwell sandstone, and Woodford shale at our Centrahoma Field in the Arkoma basin. At Northeast

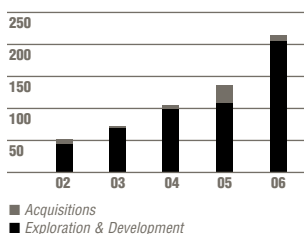


| | 2006 | 2005 |
|---|---------|---------|
| PRODUCTION (BCFE) | 29.8 | 26.5 |
| PRODUCTION GAS/OIL MIX | 92%/8% | 92%/8% |
| PROVED RESERVES (BCFE) | 170.7 | 175.4 |
| PROVED RESERVES GAS/OIL MIX | 95%/5% | 95%/5% |
| PROVED DEVELOPED % | 94% | 79% |
| % OF TOTAL PROVED RESERVES | 18% | 22% |
| 3P RESERVES (BCFE) | 705 | 592 |
| 3P RESERVES GAS/OIL MIX | 96%/4% | 96%/4% |
| TOTAL NET LEASED ACRES | 148,100 | 114,000 |
| UNDEVELOPED % OF NET LEASEHOLD | 36% | 24% |
| 2007 CAPITAL EXPENDITURE BUDGET (\$MM): | \$206 | |

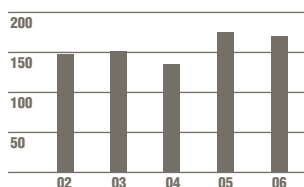
Mayfield, the precipitous decline in natural gas prices over the year combined with escalating drilling and service costs for most of that period forced us watch the Atoka/Granite Wash program very closely. These wells produce approximately half of their reserves within the first year. As a result, they are very sensitive to natural gas prices and costs. As part of planning the 2006 budget for this drilling program, we hedged approximately two-thirds of the production related to the 2006 drilling program to protect the economic returns of the program. The hedging program gave us flexibility in pursuing our program in a competitive rig and services market since the impact of volatile natural gas prices had been mitigated to a large degree. Our horizontal Arkoma program is discussed in more detail on page 10.

MID-CONTINENT REGION

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)



In 2006, the Mid-Continent region drilled 117 wells; 96 percent were successful. Proved reserves in the region declined 3 percent from 175.4 BCFE to 170.7 BCFE and represented 18 percent of our Company's proved reserves in 2006. This region's reserve base is more susceptible to commodity price changes. As of year-end 2006, we estimated the Mid-Continent region's 3P reserves to be 705 BCFE, 96 percent natural gas. The region spent \$214.3 million in 2006, including \$7.9 million for acquisitions, or 27 percent of the Company's 2006 capital expenditures. Production for the region grew 13 percent to 29.8 BCFE, which represented 32 percent of our total 2006 production.

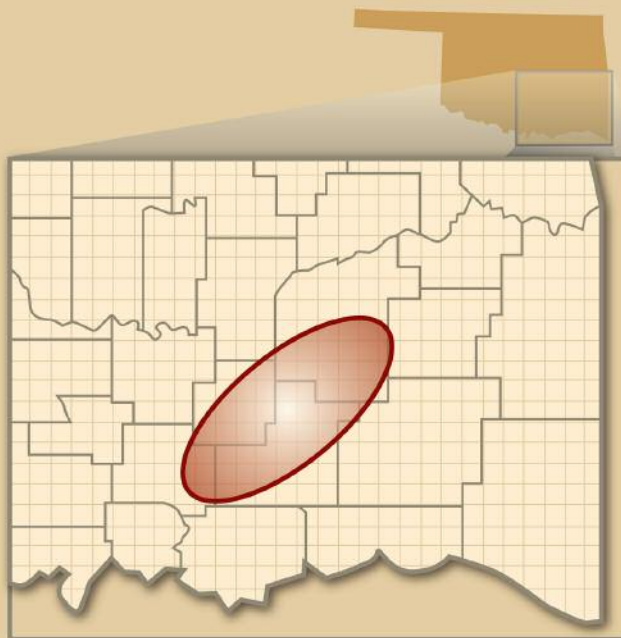
The 2007 capital expenditures budget for the Mid-Continent region is \$206 million, which is 29 percent of our total \$721 million of anticipated exploration and development expenditures. Eighty-two percent will be operated by the Company. The largest component of the budget is our program in the Arkoma basin — this program is discussed in more detail in the adjacent panel. The next most significant program is the Atoka/Granite Wash program in the Mayfield development area where we will drill or participate in 30 gross wells in 2007, 18 of which will be operated by the Company. As mentioned above, the production profile of Atoka/Granite Wash wells is such that approximately 50 percent of the expected total production is recovered within the first year and, therefore, is sensitive to gas price fluctuations. As a result, we have hedged the anticipated production from the Atoka/Granite Wash 2007 drilling program for the next two years to ensure that our economic thresholds are being met. Even though we have hedged the production associated with this program, we evaluate the commodity price and cost environment prior to drilling each well to ensure it meets our economic standards. The Company has also budgeted capital for wells targeting the Springer and Britt formations in 2007.

HORIZONTAL ARKOMA PROGRAM




Several years ago we began acquiring acreage and drilling vertical wells in the Wapanucka limestone, Cromwell sandstone, and Woodford shale formations at the Centrahoma Field in the Arkoma Basin of Oklahoma. In 2005, we drilled our first horizontal well in the Cromwell formation and realized spectacular results — a well which drilled for approximately twice the cost of a vertical well with approximately three times the reserves. The successful application of horizontal drilling and completion in the Centrahoma Field got our attention and we began to ramp up our horizontal program.

In 2006, we shifted our focus to the deepest zone of interest, the Woodford shale. By drilling to that interval, we are able to hold acreage with rights to all intervals down through the Woodford shale, including the Wapanucka and Cromwell formations. Our initial four horizontal Woodford wells were not the successes for which we had anticipated. As a result, we began actively experimenting with different completion and fracturing designs in order to improve our results. In our most recent wells, two of the three wells were significant improvements from our initial designs, with initial production rates of 2.8 MMCFE per day and 1.2 MMCFE per day. Our initial four wells had initial production rates averaging less than 1.0 MMCFE per day.

We substantially increased our acreage in this emerging play throughout 2006. As of the end of 2006, St. Mary controls approximately 74,500 gross and 38,700 net acres in the horizontal Arkoma project area, up from 36,000 gross and 20,000 net acres as of December 31, 2005. Developing three separate formations in this large acreage block will require multiple rigs over a multi-year period. At year-end 2006 we estimated we had 282 gross future 3P drilling locations with 233 BCFE of net 3P reserves. We currently have two rigs working in the field that are expected to drill 17 horizontal wells in 2007, all of which are focused on the Woodford shale. We believe we will be able to increase our level of drilling activity as we refine our drilling and completion designs.





| | | | | | | | |
|---|--|--|---|--|--|--|---|
| 1992 | 1995 | 1996 | 2001 | 2003 | 2004 | 2005 | 2006 |
| <p><i>St. Mary acquires T.L. James oil and gas division, establishing its first direct operations with an office in Shreveport.</i></p> |  <p><i>Discovery in the Cotton Valley and Travis Peak formations at Box Church in East Texas.</i></p> | <p><i>St. Mary acquires leasehold at Huxley field, marking our entrance into the horizontal James Lime play.</i></p>  | <p><i>First horizontal well drilled at Spider field, furthering our understanding of horizontal James Lime completions.</i></p> | <p><i>Acquire interest in the Elm Grove field in northern Louisiana.</i></p> | <p><i>ArkLaTex reserves reach 111.3 Bcfe, 14% of St. Mary's proved reserves.</i></p>  | <p><i>Coiled tubing-assisted recompletions in the Upper Cotton Valley and Hosston formations potentially add meaningful reserve and production at Elm Grove Field.</i></p> | <p><i>Major gas discovery at Haynesville Field in the ArkLaTex.</i></p> |

ARKLATEX REGION

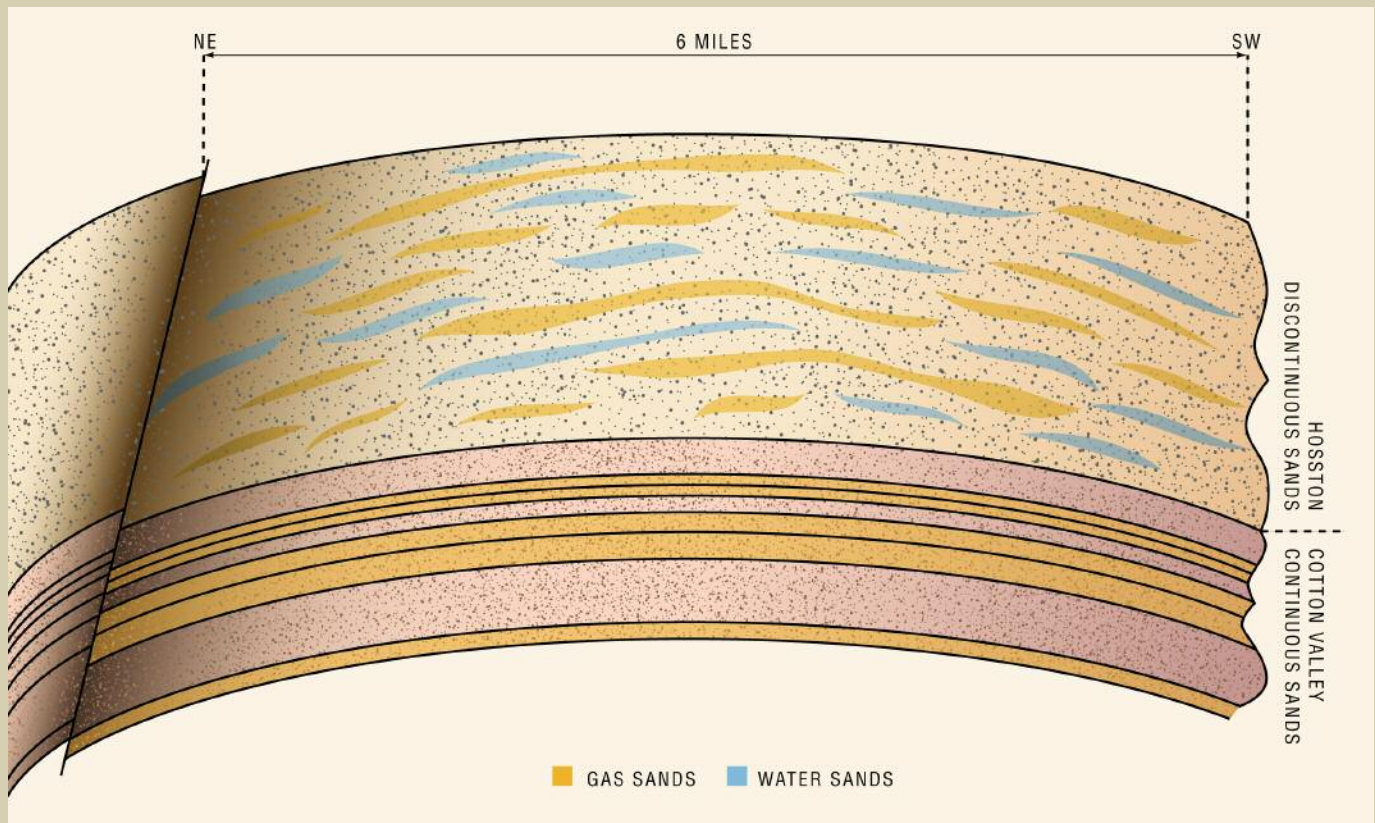


The ArkLaTex region gave St. Mary its start as an operating company when we acquired the oil and natural gas division of T.L. James in 1992. Our ArkLaTex region includes our properties in eastern Texas, northern Louisiana, southern Arkansas, and Mississippi and is managed by our 24-person office in Shreveport, Louisiana. This region has grown through a combination of niche acquisitions, new field discoveries, and field extensions.

Our ArkLaTex region had another strong year in 2006. The region increased its proved reserves 43 percent to 159.5 BCFE as of year-end. Production decreased 2 percent over 2005 to 10.5 BCFE. The ArkLaTex region's 3P reserves at year-end 2006 were 326 BCFE, more than double the 2005 amount. The ArkLaTex region represents 17 percent of our proved reserves, 11 percent of our 3P reserves, and 11 percent of our 2006 production. During the year, the region drilled or participated in 82 wells, of which 92 percent were successfully completed. The

| | 2006 | 2005 |
|---|--------|--------|
| PRODUCTION (BCFE) | 10.5 | 10.8 |
| PRODUCTION GAS/OIL MIX | 92%/8% | 91%/9% |
| PROVED RESERVES (BCFE) | 159.5 | 111.3 |
| PROVED RESERVES GAS/OIL MIX | 96%/4% | 95%/5% |
| PROVED DEVELOPED % | 44% | 56% |
| % OF TOTAL PROVED RESERVES | 17% | 14% |
| 3P RESERVES (BCFE) | 326 | 153 |
| 3P RESERVES GAS/OIL MIX | 97%/3% | 95%/5% |
| TOTAL NET LEASED ACRES | 66,100 | 55,000 |
| UNDEVELOPED % OF NET LEASEHOLD | 49% | 36% |
| NET MINERAL SERVITUDES | 9,868 | 9,868 |
| 2007 CAPITAL EXPENDITURE BUDGET (\$MM): | \$131 | |

ELM GROVE FIELD



The Elm Grove Field is located 15 miles south of our Shreveport, Louisiana office. We acquired a non-operated interest in the Elm Grove field in December 2004. Since that time the ownership in the field has consolidated considerably. This consolidation has allowed the remaining owners to accelerate development of the Lower Cotton Valley formation which has historically been the target interval in this field. The increase in activity has occurred in areas of the field where we have relatively higher working interests. While development of the traditional Lower Cotton Valley target continues to be successful, recompletions of the uphole Hosston formation using innovative coiled tubing-assisted fracturing are also proving to be highly economic. The Hosston formation has historically been difficult to fracture stimulate by conventional methods without fracturing into water producing zones.

The field is set up with 640-acre production units, which are being developed using a 40-acre well spacing pattern. There is a 20-acre increased well density project underway adjacent to our acreage which may be implemented on our units in the future.

The Elm Grove Field provides us a multi-year drilling inventory in a rich resource base. At year-end 2006, we estimated there were 680 3P drilling locations remaining to be drilled with 195 BCFE of net 3P reserves associated with those locations. A total of 87 grass roots wells are planned in the field for 2007, most of which will target the Lower Cotton Valley. This is a substantial increase from the prior year. Twenty Hosston recompletions are also budgeted for 2007.



HORIZONTAL LIMESTONE PROGRAM



Our horizontal limestone program began in 2002 with the acquisition of acreage in Shelby County in east Texas at Huxley Field. This field produced from the fractured James limestone at a depth of approximately 6,200 feet. Vertical wells in the play were marginally economic at the time. In 2003, we completed our first horizontal well at Huxley. The results demonstrated that horizontal drilling and completion techniques would be key to the development of the limestone formations that were prevalent in the region. Later in 2003, we moved across the Sabine River into Desoto Parish, Louisiana where we acquired leases in the Spider Field. Throughout 2004 and 2005, we continued horizontal development at Huxley and Spider.

By 2006, we had begun using a new horizontal completion technique that allowed us to isolate sections of the horizontal wellbore. By isolating different sections, we can complete and stimulate each isolated section in a manner that is optimal for that particular segment of the formation. While this technique increased our costs, it also increased our production and reserves per well, thereby economically justifying the additional expenditure.

We believe that we have developed a competitive advantage with regard to drilling and completing horizontal wells in the limestone formations in the ArkLaTex. In the wake of this success, we began actively acquiring new leasehold in 2006. The James limestone trend stretches from Desoto Parish, Louisiana to Nacogdoches County, Texas. In 2006, we increased our acreage position 63 percent to approximately 43,000 net acres as of December 31, 2006. In 2007, we plan to drill or participate in 22 horizontal wells targeting the James and Glen Rose limestone formations.

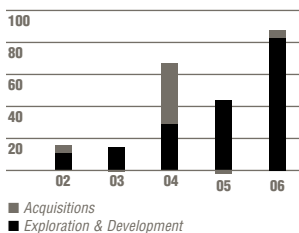
region’s capital expenditures were \$88.0 million in 2006, including \$5.2 million for acquisitions, which represented 11 percent of our total 2006 capital expenditure budget.

The Company had continued success at the Elm Grove Field and the horizontal limestone program in 2006, which are highlighted in more detail on pages 13 and 14, respectively.

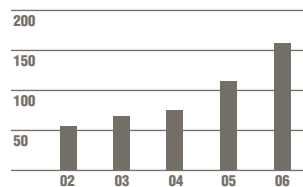
The ArkLaTex region’s 2007 capital expenditures budget is \$131 million or 18 percent of our total \$721 million budget for exploration and development. St. Mary will operate 57 percent of these planned capital expenditures. The largest part of this year’s budget relates to our horizontal limestone program. Elm Grove also represents a significant portion of the region’s capital budget as development in this field continues to move forward at an aggressive pace. Lastly, we expect activity targeting the Cotton Valley formation at the Terryville Field to ramp up this year. The operator in the field realized impressive results in 2006 on adjacent acreage. We believe our acreage is in the heart of the field and are excited to see the operator increasing activity on our leasehold.

ARKLATEX REGION

Capital Expenditures (\$ millions)






Proved Reserves (BCFE)





ENERGY DRILLING CO.
RIG 2

| | | | | | | | | |
|---|--|---|--|--|--|---|---|---|
| <p>1908</p> <p>Initial discovery on the Company's fee lands in South Louisiana at St. Mary No. 1 (9,910 ft, 335 bbl/d) at the Horseshoe Bayou field.</p>  | <p>1938</p> <p>St. Mary Parish Land Company founded by five investors led by Chester Congdon.</p> | <p>1941</p> <p>Natural gas discovered at Belle Isle.</p> | <p>1946</p> <p>ARCO completes discovery well at Bayou Sale.</p> | <p>1996</p> <p>Gulf Coast proved reserves reach 9.0 BCFE, 5 percent of St. Mary's reserves.</p> | <p>1997</p> <p>Discovery on St. Mary fee lands at South Horseshoe Bayou.</p>  | <p>1998</p> <p>St. Mary participates in its first well in the Gulf of Mexico at West Cameron Block 39.</p> | <p>1999</p> <p>Acquisition of King Ranch Energy, Inc. for \$52 MM, the largest acquisition to date, establishes direct operations in the Gulf Coast.</p>  | <p>2004</p> <p>Gulf Coast office moved to Houston from Lafayette, Louisiana.</p> |
|---|--|---|--|--|--|---|---|---|

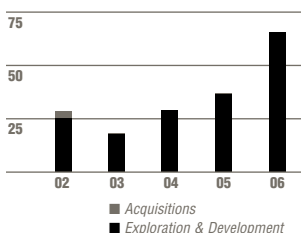
GULF COAST REGION

Our Gulf Coast region includes properties in the Gulf of Mexico and the onshore Gulf Coast of Louisiana and Texas. Our 19-person office in Houston, Texas, manages our operations in the region in addition to overseeing 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. The fee lands represent a small portion of our production, yet still yielded \$5.0 million of oil and gas royalty revenue to St. Mary in 2006. The onshore Gulf Coast and Gulf of Mexico became a core area in 1999 with the acquisition of King Ranch Energy, Inc.

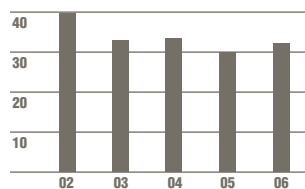
At year-end 2006, the Gulf Coast region had 32.2 BCFE in proved reserves representing 4 percent of our total proved reserves. The region's 3P reserves stood at 126 BCFE, which constitutes 4 percent of our total 3P reserves. Production from the Gulf Coast region was 9.7 BCFE, up 4 percent from 2005, and comprised 11 percent of our total production in 2006.

GULF COAST REGION

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)






| | 2006 | 2005 |
|--|----------------|----------------|
| PRODUCTION (BCFE) | 9.7 | 9.3 |
| PRODUCTION GAS/OIL MIX | 90%/10% | 89%/11% |
| PROVED RESERVES (BCFE) | 32.2 | 30.0 |
| PROVED RESERVES GAS/OIL MIX | 93%/7% | 93%/7% |
| PROVED DEVELOPED % | 80% | 87% |
| % OF TOTAL PROVED RESERVES | 4% | 4% |
| 3P RESERVES (BCFE) | 126 | 195 |
| 3P RESERVES GAS/OIL MIX | 89%/11% | 79%/21% |
| TOTAL NET LEASED ACRES | 53,300 | 53,000 |
| UNDEVELOPED % OF NET LEASEHOLD | 34% | 31% |
| FEE ACRES | 24,914 | 24,914 |
| 2007 CAPITAL EXPENDITURE BUDGET (\$MM): | \$60 | |

We were successful in six out of eight tests in our low to moderate risk exploration program in 2006. We had operated exploratory successes at the Duson and Holly prospects. Offshore, the Company had a non-operated exploration success with the Vermilion 101 well, which began flowing to sales in December 2006. In the intermediate deepwater (IDW) program, we continued to build on the success we had in 2005. In 2006, we had an initial discovery with our operating partner at the Zloty prospect where initial production is expected in mid-2008.

Our exploration and development budget in the Gulf Coast region for 2007 is \$60 million, which consists of activity for both onshore and offshore projects in Texas and Louisiana as well as low to moderate risk DHI prospects in state and federal waters of the Gulf of Mexico. There is also capital budgeted in 2007 related to intermediate deep water projects for both new prospects as well as commitments resulting from our 2005 and 2006 successes.



| | | | | | | |
|--|--|--|---|---|---|---|
| <p>1994</p>  <p>St. Mary acquires 30,450 acre top lease at Ward Estes North Field, marking our entry into the Permian.</p> | <p>1996</p> <p>Acquisition of Siete Oil and Gas whose assets in New Mexico and West Texas establish direct operations in the Permian Basin.</p> | <p>1997</p> <p>Permian Basin reserves reach 27 BCFE, 10% of St. Mary's proved reserves.</p> | <p>1998</p> <p>Full-scale waterflood commenced at Parkway Delaware Unit in New Mexico.</p> | <p>2000</p> <p>Permian Basin reserves reach 38.1 BCFE, 11% of St. Mary's proved reserves.</p>  | <p>2003</p> <p>Permian Basin reserves reach 50.6 BCFE, 9% of St. Mary's proved reserves.</p>  | <p>2006</p> <p>St. Mary acquires Sweetie Peck for \$248 MM in the Midland Basin in West Texas, the largest acquisition in the Company's history.</p> |
|--|--|--|---|---|---|---|

PERMIAN REGION

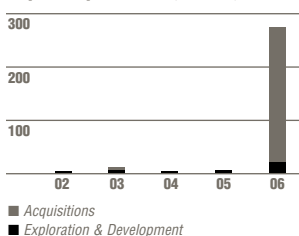
The Company has been active in the Permian Basin since the mid-1990s, but never had the critical mass to justify opening a regional office. In December 2006, we closed on the largest acquisition in the Company's history with the acquisition of the Sweetie Peck assets in the Permian Basin. As a result, in February 2007 we opened an office in Midland, Texas to manage these assets. Currently we have five full time employees in Midland.

Our 2006 activity in the Permian Basin was dominated by the \$247.6 million acquisition of oil and gas properties at Sweetie Peck, which is discussed in more detail on page 19. Other activity included a successful development program targeting the Pennsylvanian interval at HJSA as well as continued optimization and infill work at our East Shugart Delaware and Parkway Delaware waterfloods in southeastern New Mexico.

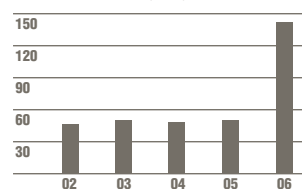
| | 2006 | 2005 |
|--|----------------|----------------|
| PRODUCTION (BCFE) | 3.2 | 2.9 |
| PRODUCTION GAS/OIL MIX | 20%/80% | 21%/79% |
| PROVED RESERVES (BCFE) | 142.2 | 49.9 |
| PROVED RESERVES GAS/OIL MIX | 20%/80% | 14%/86% |
| PROVED DEVELOPED % | 78% | 86% |
| % OF TOTAL PROVED RESERVES | 15% | 6% |
| 3P RESERVES (BCFE) | 305 | 81 |
| 3P RESERVES GAS/OIL MIX | 22%/78% | 15%/85% |
| TOTAL NET LEASED ACRES | 28,300 | 11,000 |
| UNDEVELOPED % OF NET LEASEHOLD | 27% | 40% |
| 2007 CAPITAL EXPENDITURE BUDGET (\$MM): | \$111 | |

PERMIAN REGION

Capital Expenditures (\$ millions)



Proved Reserves (BCFE)



In 2006, the Permian region drilled or participated in 21 wells, of which 100 percent were successfully completed. Proved reserves in the region increased 185 percent from 49.9 BCFE to 142.2 BCFE and represented 15 percent of our Company's reserves at year-end 2006. As of year-end 2006, we estimated the Permian region's 3P reserves to be 305 BCFE, 78 percent of which was oil. The region spent \$275.2 million in 2006, including \$254.8 million for acquisitions, or 34 percent of the Company's 2006 capital expenditures. Production for the region grew 8 percent to 3.2 BCFE, which represented 3 percent of our total 2006 production.

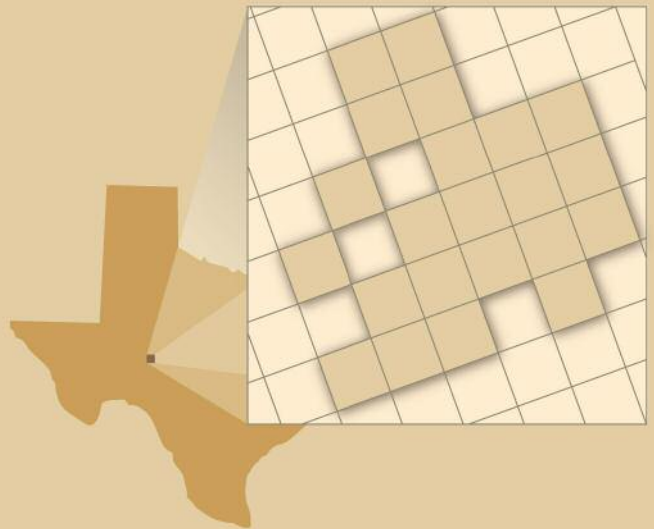
The capital budget for 2007 in the region is \$111 million, of which 80 percent will be operated by the Company. The majority of the increase relates to anticipated drilling at Sweetie Peck and certain non-operated activity in the basin. Other projects contemplated in this year's budget include continued development at HJSA and infill and optimization projects at the East Shugart Delaware unit and Parkway Delaware unit waterflood projects.



SWEETIE PECK PROSPECT

St. Mary acquired its interest in the oil and gas properties in the Sweetie Peck Prospect in December 2006 for \$247.6 million. The field is primarily in Upton County, just south of Midland, Texas. The properties are roughly 80 percent oil and are 100 percent operated by the Company, with a 95 to 100 percent working interest and a 71 percent net revenue interest. The transaction represented the largest transaction in the history of the Company. As a result of this acquisition, we opened an office in Midland in February 2007 to manage these newly acquired assets.

Sweetie Peck is a tight oil play which targets the Permian age reservoirs in the basin, including the Spraberry, Leonard, and Wolfcamp formations. At year-end 2006, there were 72 producing wells on 80-acre spacing with a gross exit rate of 22.2 MMCFE per day. We believe that there are 266 gross future 3P drilling locations with 111 BCFE of net 3P reserves associated with those locations. Our plan for 2007 is to drill 54 wells at Sweetie Peck. We took over operation of the field in February 2007, and plan to ramp up from a two rig program to four rigs by year-end.



DIRECTORS

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

Anthony J. Best
Denver, Colorado
President and Chief Executive Officer
St. Mary Land & Exploration Company

Larry W. Bickle ^{(2),(4)}
Houston, Texas
Executive in Residence
Haddington Ventures, L.L.C.

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

William J. Gardiner ^{(1),(3)}
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Chief Financial Officer and Vice President
King Ranch Inc.

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

Julio Quintana ⁽³⁾
Houston, Texas
President and Chief Executive Officer
TESCO Corporation

John M. Seidl ^{(2),(3)}
Houston, Texas
Chairman
EnviroFuels, LLC

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

- (1) Executive Committee
(2) Nominating and Corporate
Governance Committee
(3) Audit Committee
(4) Compensation Committee

OFFICERS

Anthony J. Best
President and Chief Executive Officer

Javan D. Ottoson
Executive Vice President and
Chief Operating Officer

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

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

Jerry R. Schuyler
Senior Vice President and
Regional Manager

Paul M. Veatch
Senior Vice President and
Regional Manager

William David Hart
Vice President – General Manager,
ArkLaTex

Jerry M. Hertzler
Vice President – Business Development

Milam Randolph Pharo
Vice President – Land and Legal and
Assistant Secretary

Garry A. Wilkening
Vice President – Administration

Mark T. Solomon
Controller

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

Michael F. Roach
Assistant Vice President –
Director of Taxation

David J. Whitcomb
Assistant Vice President –
Director of 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 geologic 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 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 geologic 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 and service 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,” “budget,” “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 2006 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; Houston, Texas; and Midland, 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

777 N. Eldridge Pkwy., Suite 1000

Houston, TX 77079

281-677-2800

St. Mary Land & Exploration Company

3300 N. A Street, Bldg. 7, Suite 200

Midland, TX 79705

432-688-1700

INVESTOR RELATIONS CONTACT

Stockholders, securities analysts, or portfolio managers who have questions or need information concerning St. Mary may contact Brent Collins, Director of Investor Relations at 303-861-8140.

E-mail: bcollins@stmaryland.com

Annual Reports, 10Ks, 10Qs

To receive an information packet on St. Mary or to be added to our mailing list, contact Pam Sweet at 303-861-8140.

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 16, 2007 the Company had 55,004,399 shares of common stock outstanding, net of 250,000 treasury shares owned by the Company.

| Market Prices | 2006—Quarter Ended | | 2005—Quarter Ended | |
|---------------|--------------------|----------------|--------------------|---------|
| | high | low | high | low |
| March 31 | \$44.69 | \$34.70 | \$26.73 | \$19.45 |
| June 30 | 45.59 | 34.38 | 30.45 | 21.46 |
| September 30 | 43.92 | 34.77 | 37.80 | 28.89 |
| December 31 | 40.85 | 33.43 | 41.14 | 30.52 |

OTHER INFORMATION

In 2006, 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 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, 2006.



St. Mary Land & Exploration Company

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