ST MARY LAND & EXPLORATION CO
Form DEF 14A
April 10, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

St. Mary Land & Exploration Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

March 30, 2007

Dear Stockholder:

You are cordially invited to attend the 2007 annual meeting of stockholders, which will be held in the J. D. Hershner Room of Wells Fargo Bank located at 1700 Lincoln Street in Denver, Colorado, on Tuesday, May 15, 2007, at 3:00 p.m. local time.

At the meeting, you and the other stockholders will vote on:

- The election of eight directors; and

- The ratification of the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm.

You will also have the opportunity to hear reports on St. Mary s operations and to ask questions of general interest. You can find other, more specific information about the meeting in the accompanying proxy statement, and you can find detailed information about St. Mary in the enclosed annual report or at our website *www.stmaryland.com*.

Please complete and sign the enclosed proxy card and return it promptly in the accompanying envelope, or use the telephone or internet voting systems described on the proxy card. This will ensure that your shares are represented at the meeting even if you cannot attend.

Thank you for your cooperation by returning your proxy card, or voting by telephone or the Internet as promptly as possible. We hope to see many of you at our meeting in Denver.

Very truly yours,

Anthony J. Best
CEO & President

St. Mary Land & Exploration Company

1776 Lincoln Street, Suite 700

Denver, Colorado 80203

Notice of Annual Stockholders Meeting

on May 15, 2007

To All Stockholders:

The 2007 annual meeting of the stockholders of St. Mary Land & Exploration Company will be held in the J. D. Hershner Room of Wells Fargo Bank at 1700 Lincoln Street in Denver, Colorado, on Tuesday, May 15, 2007, at 3:00 p.m. local time. The purpose of the meeting is:

1. To elect eight directors to serve during the next year;

2. To ratify the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm; and

3. To transact any other business which may properly come before the meeting.

Only stockholders of record at the close of business on March 30, 2007, may vote at this meeting.

Please sign, date, and return the accompanying proxy card in the enclosed envelope as soon as possible, or use the telephone or internet voting systems described on the proxy card. Any stockholder may revoke its proxy at any time before the vote is taken at the meeting.

By Order of the Board of Directors
St. Mary Land & Exploration Company

David W. Honeyfield
Senior VP Chief Financial Officer, Secretary & Treasurer

Denver, Colorado

March 30, 2007

Proxy Statement Table of Contents

St. Mary Land & Exploration Company
1776 Lincoln Street, Suite 700
Denver, Colorado 80203
(303) 861-8140

Proxy Statement

General

This proxy statement contains information about the 2007 annual meeting of stockholders of St. Mary Land & Exploration Company to be held in the J. D. Hershner Room of Wells Fargo Bank at 1700 Lincoln Street in Denver, Colorado, on Tuesday, May 15, 2007, at 3:00 p.m. local time. The St. Mary Board of Directors is using this proxy statement to solicit proxies for use at the annual meeting. In this proxy statement, St. Mary , the Company , we, and us refer to St. Mary Land & Exploration Company inclusive of its subsidiaries. This proxy statement and the enclosed proxy card were mailed to you on or about April 12, 2007.

Purpose of the Annual Meeting

At the Company s annual meeting, stockholders will vote on:

- the election of the eight directors as outlined in the accompanying notice of meeting;
- the ratification of the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm; and
- to transact any other business which may properly come before the meeting.

As of the date of this proxy statement, the Company is not aware of any business to come before the meeting other than the items noted above.

Who Can Vote

Only stockholders of record at the close of business on the record date of March 30, 2007, are entitled to receive notice of the annual meeting and to vote the shares of St. Mary common stock they held on that date. As of March 30, 2007, there were 62,760,158 shares of St. Mary common stock issued and outstanding, net of 250,000 shares held in treasury by the Company. Holders of St. Mary common stock are entitled to one vote per share and are not allowed to cumulate votes in the election of directors. The enclosed proxy card shows the number of shares that you are entitled to vote.

How to Vote

If your shares of St. Mary common stock are held by a broker, bank, or other nominee (in street name), you will receive information from them on how to instruct them to vote your shares.

If you hold shares of St. Mary common stock in your own name (as a stockholder of record), you may give instructions on how your shares are to be voted by marking, signing, dating, and returning the enclosed proxy card in the accompanying postage paid envelope or by following the telephone or internet voting procedures described on the proxy card. The telephone and internet voting procedures are designed to ensure that proxies are handled properly under Delaware law. Votes cast in either of these two manners are authenticated by use of a personal identification number and allow stockholders to confirm that their instructions have been properly recorded. If you vote by telephone or the Internet, you do not have to mail in your proxy card.

If you hold shares in **both** street name and as a stockholder of record, **you must vote separately** for each set of shares.

A proxy, when properly completed and not revoked, will be voted in accordance with its instructions. If no voting instructions on a particular matter are given on a properly executed and unrevoked proxy card, the shares represented by the proxy will be voted on that particular matter as follows:

- FOR the election as directors of the eight nominees named in this proxy statement under the caption Nominees for Election as Directors ; and

- FOR the ratification of the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm.

Revoking a Proxy

You may revoke a proxy before the vote is taken at the meeting by:

- submitting a new proxy with a later date either signed and returned by mail or transmitted using the telephone or internet voting procedures before the meeting;

- by voting in person at the meeting; or

- by filing a written revocation with St. Mary s Secretary.

Your attendance at the annual meeting will not automatically revoke your proxy.

Voting Requirements

Election of Directors The St. Mary By-Laws provide that the election of directors shall be decided by the vote of the holders of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Any shares present but not voted for approval, including withheld votes and broker non-votes, will have the same effect as if the shares were voted against approval.

Ratification of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm This ratification shall be decided by the vote of the holders of a majority of the shares present in person or by proxy at the meeting and entitled to vote. Any shares present but not voted for approval, including withheld votes and broker non-votes, will have the same effect as if the shares were voted against approval.

Quorum

A quorum of stockholders is necessary to hold a valid meeting. A quorum will exist if stockholders of one-third of the outstanding shares of common stock are present at the meeting in person or by proxy. Abstentions and broker non-votes count as present for establishing a quorum. A broker non-vote occurs on a matter when a broker is not permitted to vote on that matter without instruction from the beneficial owner of the shares and no instruction is given. Shares held by St. Mary in its treasury are not entitled to vote and do not count toward a quorum. If a quorum is not present, the meeting may be adjourned until a quorum is obtained.

Payment of Proxy Solicitation Costs

St. Mary will pay all costs of soliciting proxies. The solicitation will be made by mail. In addition to mailing proxy solicitation material, St. Mary officers, directors, and employees may also solicit proxies in person, by telephone, or by other electronic means of communication. St. Mary will ask banks, brokers, other institutions, nominees, and fiduciaries to forward the proxy material to their principals and obtain authority to execute proxies. St. Mary will reimburse them for reasonable expenses.

2

ELECTION OF DIRECTORS

All directors of the Company are elected annually. At this meeting, eight directors are to be elected to serve for one year or until their successors are elected and qualified. The Company s nominees for these directorships are identified below; all are currently serving in that capacity.

The Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee of the Board of Directors shall be responsible for identifying and recommending directors for nomination by the Board for election as members of the Board. This committee performed its evaluation and nominating committee functions during 2006 and early 2007. The committee selects each nominee based on the nominee s skills, achievements, and experience. As set forth in the Company s Corporate Governance Guidelines, the Board as a whole should have broad and relevant experience in high level business policymaking and a commitment to representing the long term interests of the stockholders. The committee believes that each nominee should have experience in positions of responsibility and leadership, an understanding of the Company s business environment, and a reputation for integrity.

The committee evaluates each potential nominee individually and in the context of the Board as a whole. The objective is to recommend a group that will effectively contribute to the long-term success of the Company and represent stockholder interests. In determining whether to recommend a director for reelection, the committee also considers the director s past attendance at meetings and participation in and contributions to the activities of the Board.

When seeking candidates for a new director, the committee solicits suggestions from incumbent directors, management, stockholders, and others. The committee has authority under its charter to retain a search firm for this purpose. If the committee believes a candidate would be a valuable addition to the Board of Directors, it recommends his or her candidacy to the full Board of Directors.

The committee will consider suggestions by stockholders of possible future nominees. Stockholders may nominate persons for election to the Board in accordance with the Company s By-Laws. No such suggestions were received during 2006. Stockholder suggestions should be delivered on or before November 1 in any year before the next annual meeting. In addition, St. Mary s By-Laws permit stockholders to nominate directors for election at an annual meeting, provided that advance written notice of the nomination containing the information required under the By-Laws is received by the Secretary of St. Mary not less than 75 days nor more than 105 days before the first anniversary date of the immediately preceding annual meeting. Accordingly, proper notice of a stockholder nomination for election as director for the 2008 annual meeting must be received by St. Mary between January 31, 2008, and March 1, 2008.

The proxies will be voted in favor of the nominees unless a contrary specification is made in the proxy. All nominees have consented to serve as directors of the Company if elected. However, if any nominee is unable to serve or for good cause will not serve as a director, the persons named in the proxy intend to vote in their discretion for a substitute who will be designated by the Board of Directors.

The Board of Directors recommends voting FOR electing the nominees.

NOMINEES FOR ELECTION AS DIRECTORS

Biographical information as of February 15, 2007, including principal occupation and business experience during the last five years, of each nominee for director is set forth below. Unless otherwise stated the principal occupation of each nominee has been the same for the past five years.

	Age	Director Since
Barbara M. Baumann is President of Cross Creek Energy Corporation, which provides consulting services for oil and gas exploration and production companies. Ms. Baumann has held that position since July 2003. From 2001 to July 2003, Ms. Baumann was Executive Vice President of Associated Energy Managers LLC, an investment manager and general partner of a private equity energy fund specializing in oil and gas investments for institutional investors. From 1983 to 2001, Ms. Baumann was employed by BP Amoco and held a variety of financial and operational management positions, including Chief Financial Officer of an environmental remediation subsidiary, Vice President of the San Juan Business Unit, and the Commercial Operations Manager of the Western Business Unit. Ms. Baumann is also a director of UniSource Energy Corporation, the parent company for Tucson Electric Power Company.	51	2002
Anthony J. Best is President and Chief Executive Officer of St. Mary. Mr. Best joined St. Mary in June 2006 as President and Chief Operating Officer. In December 2006, Mr. Best relinquished his position as Chief Operating Officer when Javan D. Ottoson was elected to that office. On February 23, 2007, Mr. Best was elected Chief Executive Officer of St. Mary when Mark Hellerstein retired from that position. Mr. Best was appointed to the Board, concurrent with his appointment as Chief Executive Officer. From 2003 to October 2005, Mr. Best was President and Chief Executive Officer of Pure Resources, Inc., a subsidiary of Unocal, where he managed all of Unocal s onshore U.S. assets. From 2000 to 2002, Mr. Best had an oil and gas consulting practice working with various energy firms. From 1979 to 2000, Mr. Best was with ARCO in a variety of positions, including a period as President ARCO Permian, President ARCO Latin America, Field Manager for Prudhoe Bay, and VP External Affairs for ARCO Alaska.	57	2007
Larry W. Bickle is Executive in Residence for Haddington Ventures, L.L.C., a private equity fund that invests in midstream energy companies and assets. Mr. Bickle was Managing Director of Haddington from June 1997 to 2005. From 1984 to 1997, Mr. Bickle was Chairman of the Board and Chief Executive Officer of TPC Corporation (formerly Tejas Power Corporation), a NYSE listed gas storage, transportation, and marketing company that he founded. Mr. Bickle is also a director of UniSource Energy Corporation, the parent company for Tucson Electric Power Company	61	1995
William J. Gardiner is Vice President and Chief Financial Officer of King Ranch, Inc., a privately held ranching and agricultural company that owns the historic 825,000 acre King Ranch in south Texas. Mr. Gardiner has held that position since 1996. Before joining King Ranch in 1996, Mr. Gardiner served as Executive Vice President and Chief Financial Officer of CRSS, Inc., a NYSE listed independent power producer. Mr. Gardiner was employed by CRSS for approximately 20 years. Mr. Gardiner was initially appointed as a director of St. Mary in connection with St. Mary s acquisition of King Ranch Energy, Inc. in 1999.	52	1999

Mark A. Hellerstein is Chairman of the Board of St. Mary. Mr. Hellerstein served St. Mary as President from 1992 to June 2006, served as Chief Executive Officer from 1995 to February 2007, and was appointed Chairman of the Board in September 2002. Mr. Hellerstein has become a non-employee member of the Board concurrent with his resignation as Chief Executive Officer on February 23, 2007. Mr. Hellerstein has served on the Board of Transocean Inc. since December 2006.	54	1992
Julio M. Quintana is the President and Chief Executive Officer of TESCO Corporation, a company that supplies oilfield drilling technology, oilfield services and equipment. Mr. Quintana joined the St. Mary Board on July 7, 2006. Prior to his appointment to his current position at TESCO Corporation in September 2005, he served as Executive Vice President and Chief Operating Officer at TESCO. From 1999 to 2004, Mr. Quintana was employed at Schlumberger as the VP Integrated Project Management in 2003 and 2004 and was the VP Exploitation for North and South America in 2002 and 2003 and the VP Marketing for North and South America in 2002 and 2001. Mr. Quintana began his career at Unocal Corporation where he spent 20 years working in various engineering and leadership roles.	47	2006
John M. Seidl is Chairman of the Board of EnviroFuels, LLC, a privately held corporation that develops, manufactures, and markets technology that intends to improve the performance and efficiency of internal combustion engines, boilers, and other engine designs. Mr. Seidl has held that position since January 2006 and prior to January 2006, he was Vice Chairman of EnviroFuels advisory board. From June 2001 through December 2004, Mr. Seidl was Chief Program Officer, Environment, of the Gordon and Betty Moore Foundation, a private grant making foundation, which seeks and funds higher education, scientific research, environmental, and San Francisco Bay Area projects. From September 1999 through June 2004, Mr. Seidl was Chairman of Language Line Services, a privately held provider of over the phone language interpretation and document translation services. Mr. Seidl s business career from 1978-1992 was in energy or energy related businesses.	68	1994
William D. Sullivan has been serving as a director of Targa Resources Partners GP, LLC since February 2007, (Targa Resources Partners LP was listed on NASAQ in February 2007). Additionally, Mr. Sullivan has been serving as a director of Legacy Reserves GP, LLC since March 2006 (Legacy Reserves LP was listed on the NASDAQ in January 2007). For a brief amount of time, June 15, 2005, to August 5, 2005, Mr. Sullivan served as President and Chief Executive Officer of Leor Energy LP. Mr. Sullivan was with Anadarko Petroleum Corporation from 1981 to August 2003. From August 2001 to August 2003, Mr. Sullivan was Executive Vice President, Exploration and Production at Anadarko. Mr. Sullivan also served Anadarko as VP, Operations International, Gulf of Mexico and Alaska in 2001, VP International Operations from 1998 to 2000, and VP Algeria from 1995 to 1998.	50	2004

OTHER MATTERS TO BE VOTED ON

Ratification of the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm.

St. Mary s stockholders are being asked to ratify the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm. Deloitte has served as the Company s Independent Registered Public Accounting Firm since

2001 and the Audit

5

Committee believes it will engage Deloitte to perform an audit again as of and for the year ended December 31, 2007.

The Audit Committee is responsible for selecting the Company s independent auditors for the fiscal year ending December 31, 2007. Stockholder approval is not required to appoint Deloitte & Touche, LLP as the Company s independent auditors for fiscal year 2007. Notwithstanding, the Board of Directors believes that submitting the appointment of Deloitte & Touche, LLP to the stockholders for ratification is good corporate governance. The Audit Committee is solely responsible for selecting the Company s independent auditors. If the stockholders do not ratify this appointment, the Audit Committee will review its future selection of independent auditors.

The Board of Directors recommends voting FOR the ratification of the appointment by the Audit Committee of Deloitte & Touche, LLP as the Company s Independent Registered Public Accounting Firm.

CORPORATE GOVERNANCE

Board of Directors

The Board is comprised of a majority of independent directors. The Board has determined that the following directors are independent and do not have any material relationship with the Company other than as a director and stockholder of the Company: Barbara M. Baumann, Larry W. Bickle, Thomas E. Congdon, William J. Gardiner, Julio M. Quintana, John M. Seidl, and William D. Sullivan. Mr. Congdon will be serving out his remaining term, however, he will not be standing for re-election. In its conclusions as to the independence of these directors, the Board considered past employment, remuneration, and any relationship with the Company. In making its determination as to the independence of the members of the Board of Directors, the Board considered the independence tests described in Section 303A.02 of the Corporate Governance Standards of the New York Stock Exchange s Listed Company Manual.

The Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee are each comprised solely of independent directors. The written charters for all three independent committees are available on the Company s website at *www.stmaryland.com.* Also available on the website are the Company s Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Executive Committee Charter. The committee charters, the Corporate Governance Guidelines, and the Code of Business Conduct and Ethics, that applies to all employees, officers, and members of the Board of Directors of the Company, will be furnished in print to any stockholder who requests them.

Presiding Director at the Nonmanagement Directors Executive Sessions

All independent directors meet in executive session immediately before each regularly scheduled meeting of the Board of Directors or as deemed necessary. Mr. Seidl has presided at these executive sessions.

Communication with the Directors of the Company

The Board of Directors welcomes questions or comments about the Company and its operations. Those interested may contact the Board of Directors as a whole, nonmanagement directors, or any one or more specified individual directors by sending a letter to the intended recipients attention in care of St. Mary Land & Exploration Company, Corporate Secretary, 1776 Lincoln Street, Suite 700, Denver, CO 80203. All such communications other than commercial advertisements will be forwarded to the appropriate director or directors for review.

BOARD AND COMMITTEE MEETINGS

The full Board of Directors met thirteen times during 2006. Each director participated in at least 85 percent of the Board meetings and at least 90 percent of the committee meetings held during the director s tenure on the Board and its committees.

It is the Company s policy that each director is expected to attend the Annual Meeting of Stockholders. Each director, who was a director at the time, attended the 2006 Annual Meeting of Stockholders.

The Board has an Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee, and an Executive Committee. The Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee are each comprised solely of independent directors.

Each of the committees and the entire Board separately evaluated their respective performance for the year 2006. The performance evaluation process was supervised and the evaluations were reviewed by the Nominating and Corporate Governance Committee and discussed amongst the full Board.

The following table sets forth the members of each committee, as of December 31, 2006, and the number of meetings held in 2006.

Name of Director	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee	Executive Committee
Barbara M. Baumann	X		X *	X
Larry W. Bickle		X	X	
Thomas E. Congdon				X
William J. Gardiner	X *			X
Mark A. Hellerstein				X *
Julio M. Quintana	X			
John M. Seidl	X	X *		
William D. Sullivan		X	X	
Number of Meetings in 2006	**10**	**2**	**6**	

* Chairperson

The Audit Committee assists the Board in fulfilling its oversight responsibilities for financial reporting by the Company. Audit Committee members are prohibited from serving on more than three audit committees of public companies. Barbara M. Baumann is a member of the audit committee of Unisource Energy Corporation and is the only Audit Committee member that serves on another company s audit committee. The Audit Committee is solely responsible for the engagement and discharge of independent auditors and reviews the quarterly and annual financial results. The committee reviews the audit plan and the results of the audit with the independent auditors and reviews the independence of the auditors, the range of audit fees, the scope and adequacy of St. Mary s system of internal accounting controls, and the Company s risk management policies. The Audit Committee also has oversight responsibility for the internal audit function of the Company. The Audit Committee is currently composed of four directors, each of whom is independent as defined by the New York Stock Exchange listing standards. See the Audit Committee Report contained in this proxy statement.

While each of the Audit Committee members are considered financially literate, the Board of Directors has determined that three of the four members of the current Audit Committee, Barbara M. Baumann, William J. Gardiner, and John M. Seidl, are financial experts as the term is defined by the Securities and Exchange Commission (SEC).

The Nominating and Corporate Governance Committee s primary function is to nominate the individuals to be elected to the Board of Directors and to oversee all corporate governance policies of the Board of Directors.

The Compensation Committee s primary function is to oversee the administration of the Company s employee benefit plans and to establish the Company s compensation policies. The Compensation Committee recommends to the Board the compensation arrangements for senior management and directors, adoption of compensation plans in which officers and directors are eligible to participate, and the granting of equity based compensation or other benefits under compensation plans. The Compensation Discussion and Analysis describes these responsibilities and the manner in which they are discharged.

The Executive Committee has the authority to act on behalf of the Board of Directors and the Company with respect to matters as to which it has been authorized to act by the Board of Directors, provided that such matters are not in conflict with the Certificate of Incorporation or By-Laws of the Company or applicable laws, regulations, or rules or the listing standards of the New York Stock Exchange.

There are no arrangements or understandings between any director and any other person pursuant to which that director was or is to be elected.

DIRECTOR COMPENSATION

Employee directors do not receive additional compensation for serving on the Board of Directors or any committee.

The fiscal service period for directors is the period from one annual meeting to the next. For the last fiscal year the period was from May 17, 2006, through May 15, 2007. For this period, target base compensation for each member of the Board of Directors has been set at $160,000 annually, plus committee and attendance fees. Primary director compensation is in the form of stock grants and is fully described below.

The stock compensation for non-employee directors is as follows:

- The payment of the primary compensation of the $160,000 is made in the form of restricted stock which is issued upon election to the Board by the stockholders. In determining the number of shares to be issued to the directors to satisfy the $160,000 target amount, the Company uses the market value of the stock on the date of election. This resulted in a grant of restricted stock to each non-employee director elected by the stockholders on May 17, 2006, of 4,346 shares of St. Mary common stock. Mr. Quintana was issued 3,751 of restricted shares upon his addition to the Board in July 2006. This amount represents a prorated value for the proportional remaining service period. These shares were issued from St. Mary s 2006 Equity Incentive Compensation Plan. The shares become fully earned over the annual service period and carry a one-year holding period restriction following the expiration of the earning period as imposed by the Company. The actual compensation expense that is recorded in the Company s financial statements is the fair value of the restricted share grant as calculated under the valuation provisions required by Statement of Financial Standard No. 123(R) Share Based Payment .

The cash component of the director compensation for non-employee directors is as follows:

- Payment of $750 for each Board meeting attended.

- Payment of $600 for each committee meeting attended in person and $375 for each telephonic committee meeting.

- Reimbursement for expenses incurred in attending Board and committee meetings.

The committee chairs receive the following cash payments in recognition of the additional workload of their respective committee assignments. These amounts are paid concurrent with the beginning of the annual service period.

Audit Committee $15,000

Compensation Committee $5,000

Nominating and Corporate Governance Committee $5,000

Mr. Hellerstein became the non-executive Chairman of the Board concurrent with his retirement as Chief Executive Officer on February 23, 2007. The Compensation Committee, after consultation with an external compensation consultant, has determined that Mr. Hellerstein will be paid an additional $100,000 on an annual basis, beginning with the expiration of his employment agreement on June 30, 2007. This payment will be in the form of restricted stock and will be supplemental to the basic director compensation.

Finally, the directors are eligible to participate in the St. Mary Land & Exploration Company health, pharmacy, dental, and vision insurance programs. Directors are charged a premium that is equal to the COBRA rates associated with the Company s plan. The ability to participate in this plan is considered non-compensatory.

The following table sets forth the annual and long-term compensation received during 2006 by the non-employee directors of St. Mary. The amounts presented represent the fair value of compensation expense that has been recorded by the Company. The stock based component of the compensation has been recorded based on the valuation provisions required by the Statement of Financial Standard No. 123(R) Share Based Payment . Cash based compensation is recorded based on the monetary amount paid to the individual director.

Name	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Change In Pension Value and Non-Qualified Deferred Compensation Earnings ($)**	**All Other Compensation ($)**	**Total ($)**
Barbara M. Baumann	$ 20,675	$ 138,747	$	$	$	$	$ 159,422
Larry W. Bickle	$ 13,575	$ 138,747	$	$	$	$	$ 152,322
Thomas E. Congdon	$ 9,750	$ 138,747	$	$	$	$	$ 148,497
William J. Gardiner	$ 29,625	$ 138,747	$	$	$	$	$ 168,372
Julio M. Quintana	$ 5,325	$ 126,515	$	$	$	$	$ 131,840
John M. Seidl	$ 21,425	$ 138,747	$	$	$	$	$ 160,172
William D. Sullivan	$ 12,375	$ 138,747	$	$	$	$	$ 151,122

OTHER REPORTABLE ITEMS RELATED TO PAYMENTS MADE BY THE COMPANY ASSOCIATED WITH SERVICE OF A DIRECTOR

There are no other reportable items related to payments made by the Company associated with service of a director.

COMPENSATION DISCUSSION AND ANALYSIS

Authority and framework for the Compensation Committee.

Executive compensation at St. Mary Land & Exploration Company is determined by the Compensation Committee (the Committee) of the Board of Directors. The Committee is comprised of three independent directors and operates under the framework of a formal charter. This charter is available for review on the St. Mary website. The members of the Committee are appointed by the Board of Directors for the purposes of:

- Overseeing the administration of the Company s employee compensation and benefit plans;
- Establishing the Company s compensation policies;
- Assisting the Board in discharging its responsibilities relating to compensation of the Company s executives;
- Reviewing and approving the Company s general compensation strategy and objectives;
- Reviewing the performance and compensation of the Chief Executive Officer on an annual basis;
- Reviewing and approving recommendations for base compensation for the executive officers of the Company;
- Reviewing and approving the individual benefits that are earned each year for the cash bonus, stock compensation, and the participation levels in the Net Profits Interest Bonus Plan (NPP);
- Reviewing the performance of the Company s pension and 401(k) plans;
- Reviewing and making recommendations to the Board with respect to the compensation of directors, including director and committee fees, cash retainers, and equity based compensation; and
- Producing a Compensation Committee Report as required by the SEC to be included in the Company s annual proxy statement and annual report on Form 10-K filed with the SEC.

The Committee has authority to retain, at the Company s expense, consultants, advisors, and counsel as deemed appropriate in its sole discretion, in order to fulfill its responsibilities and duties. The Committee has sole authority to retain and terminate any compensation consultant to be used in the evaluation of director, chief executive officer or senior executive compensation and has the sole authority to approve the consultant s fees and other retention terms. The Committee also has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors as it deems necessary.

Objectives of the Company s Compensation Programs.

The Company uses compensation programs to attract, retain, and motivate talented management personnel at a reasonable cost. The Committee believes it has structured the compensation plans to encourage management to obtain superior returns for St. Mary s stockholders and to promote the preservation and growth of the Company s income-producing assets. The majority of the value in the executive compensation plan design is incentive-based and driven by metrics tied to net asset value growth.

The compensation program is designed to reward behavior that achieves these objectives and that ultimately increases stockholder value on a per share basis. The programs are believed to align management s interests with the long-term interests of stockholders.

The Committee maintains the ability to use business judgment and appropriate discretion in the application of the criteria for structuring, evaluating, and setting executive compensation. Although there are defined criteria in place, the Committee evaluates the results of the programs against other business factors with the design of making appropriate compensation decisions that are reflective of the environment and contribution of the executive.

We intend for our compensation plans to provide a level of compensation to an individual executive that is competitive with compensation provided by companies performing at a level similar to St. Mary. Periodically, the Compensation Committee utilizes the services of third party compensation consultants to assess the overall executive compensation program. As part of compensation reviews, the Committee compares St. Mary s compensation against survey data provided by a reputable third party salary survey

that is specific to the oil and gas industry. Additionally, the Committee evaluates data from peer company selections. These selections are intended to be representative of companies of comparable size and performance in our industry sub-segment. Clearly, the selection of the peer group is important, and the ability to measure the resulting return to stockholders is an integral part of the peer group selection criteria. We believe that total executive compensation should reflect the relative performance of the Company as compared to its peer group.

The following compensation elements consider both current and long-term compensation. The current compensation elements of salary, cash bonus, and benefits are designed to reward the effort and results that the employee has delivered in the current year. The longer-term component of the equity compensation is designed to ensure that employee interests are aligned with the interests of our stockholders and that there is a longer-term commitment to the Company as evidenced by the vesting and restriction periods. Simply put, there is an element of retention that is built into the equity component of compensation. Initially, the Company had designed a stock option plan in which the number of options granted was calculated such that the value would be equal to an employee s base salary at the time of grant in the event the stockholders realized a 15 percent compounded return on their stock over the ensuing five years. This plan was replaced with the restricted stock unit (RSU) program, which was scaled to approximate the actual historical value of the stock option program based on the average cash incentive bonuses. Under this plan, most participants receive RSUs equal to two times the cash incentive bonus amount. The Chief Executive Officer, Executive Vice President and Senior Vice Presidents receive RSUs equal to four times the cash incentive bonus amount. Finally, the NPP incentive program is designed to provide a benefit to employees only after the Company has been repaid for its initial and ongoing investment, therefore providing an incentive to employees to make prudent decisions that are intended to generate a return to the Company in a timely manner. The value of the NPP was originally designed to be approximately equal to the equity component of compensation, which has the result of balancing a long-term program with a portion of long-term cash compensation and equity value.

The cash bonus and RSU incentive components of our compensation system are measured against the value of our underlying asset, our oil and gas assets. Since a large component of the value of an incentive award to an individual is determined based upon the estimate of the proved developed oil and gas reserves, the Company may have to consider the impact of the revision of estimates to such oil and gas reserve determinations. On occasion, there are revisions of estimates that result from unexpected performance of the underlying asset. In years where a revision is deemed to have been significant, the Company and the Compensation Committee will evaluate if the effect of the revision would have had a significant impact on the scorecard result for the prior period. If such a determination is made, the Committee may retroactively adjust the prior year compensation. To date, prior year compensation has not been clawed back from recipients nor have additional amounts been paid to the recipients; rather the current year payout amounts have been adjusted. From year to year, the impact of typical revisions are factored into the current period scorecard calculation. This approach recognizes that reservoir engineering is an inexact science and that well performance can be better understood with the passage of time.

The elements of executive compensation are as follows.

- Base salary Base salary is intended to provide a foundation of compensation that recognizes the level of responsibility and authority of each individual executive. The base salary is the driver of the other components of incentive compensation. Generally, the Chief Executive Officer makes recommendations to the Committee for the executive management team, excluding himself. The Committee then reviews these recommendations together with the reasons underlying the recommendations. After considering the recommendations from the Chief Executive Officer, the data from the compensation survey, data from the Company s industry peer group, as well as any information provided by an external consultant, if utilized, the Committee determines the salary range for various executive positions. The Committee evaluates similar attributes in determining the compensation level of the Chief Executive Officer and is solely responsible for determining this compensation. In the determination of base salary, the Company targets base compensation at the mid-point of the survey and peer group data selected. The mid-point is believed to be the appropriate base salary because when combined with the incentive compensation programs, the total compensation is believed to be the appropriate total compensation level for the executives.

- Incentive Compensation The Company has established three incentive compensation plans, each with the potential to substantially increase annual compensation of an executive officer, provided that the economic performance of the Company meets certain targets and the individual performance of the executive aligns with expectations. These incentive plans have certain specific objectives that are to be met in order for the plans to provide meaningful benefits to the executives. The overall design of these incentive plans is to provide a level of compensation to the individual executive that is competitive with companies that are performing at a level similar to St. Mary.

The measured results of our determination criteria for the cash bonus and equity bonus plans generate a pool of dollars and shares that are available to be distributed to the executives. The resulting amounts available for distribution incorporate the results of the Company as a whole, the regional performance for those executives in regional positions, and the individual s performance within the year.

- *Cash Bonus Plan*. Each year the Compensation Committee of the Board of Directors evaluates the overall performance of the Company as well as the Company s individual operating regions. With input from management and after consideration of the performance results for the year, the Committee determines the total cash bonus available to be allocated to executive officers and key employees. Criteria considered in measuring the performance of the Company for a given year include measured changes in the net asset value of the Company as calculated internally, growth in proved developed reserves and growth in production. This process is known internally as our scorecard. To determine the increase in net asset value, we measure the impact of the change in net asset value of proved developed and proved developed non-producing assets, net of capital expenditures and cash flows. By including these two reserve categories, the delivered results of a capital investment decision form the basis for determining the bonus percentages for a given year. In essence, the Company has not rewarded employees for the delivery of potential value that is dependent upon execution in a future period. In making the determination of the change in net asset value, the measurement system is designed to be partially isolated from the effects of commodity price. However, this isolation is not total since the realized cashflows generated by the Company in any given year are also components of the scorecard.

The Company uses an established threshold and graduated scale that measures the results of the realized performance metrics. In limited cases, subjective measures are considered where it is determined to be appropriate. As the plan is currently administered, the Company must generate a ten percent growth in net asset value in proved developed oil and gas reserves in order for executive officers and key employees to be paid a cash bonus. An executive officer and many of our employees are eligible to earn up to 50 percent of their base compensation in the form of an incentive cash bonus in a given year. Whether or not the Company meets the graduated scale metrics, senior management and the Committee may exercise some degree of judgment as to whether any cash or stock bonus is to be paid. For example in 2006, the Company did not meet the ten percent threshold amount on the scorecard for net asset value growth. However, management recommended that the Committee consider the positive contributions of the stock repurchase program that was executed in the second quarter of the year, the groundwork that had occurred in the ArkLaTex region positioning it for growth, and the expansion into a new resource play in the Permian Basin. The Committee reviewed the recommendation and agreed that a modest corporate bonus of eight percent was appropriate.

Over the last five years, the cash bonus percentages for the corporate component of the cash bonus program has averaged 27 percent of base salary. Actual average corporate percentages of cash bonuses have been 8, 50, 10, 50, and 16 percent for the last successive five years. The percentages described above were used for the Chief Executive Officer and the Chief Operating Officer, as well as for the Denver based executive officers. The cash bonus percentage for regional office executive officers has varied slightly from these amounts, based primarily on the individual regional results.

- *Restricted Stock Plan.* The Restricted Stock Plan is intended to reward executive officers and key employees of the Company for long-term increases in the value of the Company s stock. The Company utilizes RSU awards as the stock-based incentive component of compensation. The annual grant of RSU awards is performance-based and uses the same formula as the Cash Bonus Plan. However, the amount of stock compensation is twice that of the Cash Bonus Plan for most employees and up to four times the Cash Bonus Plan for the Chief Executive Officer, Executive Vice President, and Senior Vice Presidents. For example, if the bonus measurement system results in a 25 percent cash bonus, the value of RSUs to be granted would be two times that amount for most members of senior management and four times that amount for the Chief Executive Officer, Executive Vice President, and Senior Vice Presidents.

The reason for selecting an equity component of compensation for the executives of St. Mary is that it aligns the interests of St. Mary management with those of our stockholders, insomuch that as the management team makes decisions, these decisions are intended to increase the value of each share of St. Mary common stock. Therefore, having St. Mary management personnel as owners of St. Mary common stock through the issuance of RSUs or the issuance of shares serves to align these interests. The RSUs are granted with a holding period and a vesting schedule over the ensuing three years from the date of issuance. These features are designed to promote the ownership of St. Mary common stock by executives and to motivate decision making that continues to increase the value of St. Mary common stock. A vesting period also helps to retain key employees.

The Board has established an equity holding requirement for all executive officers of the Company, except for the Chief Executive Officer, of one times the base salary. The Board has targeted an equity holding level for the Chief Executive Officer of two times base salary. Equity holdings may include the value of vested and unvested RSUs for purposes of these calculations. New executive officers are provided time to accumulate their stock ownership position, however, they may not sell any Company stock until they have accumulated the required amount. Until an executive has one times base salary of equity holdings in St. Mary, sales of the Company s equity by the officer may not occur unless such sales are approved by the Chief Executive Officer. Similarly, until the Chief Executive Officer has two times base salary of equity holdings in St. Mary, sales of the Company s equity by the Chief Executive Officer may not occur unless such sales are approved by the Board.

With the hiring of Anthony J. Best, the Committee authorized an equity grant in addition to the base equity compensation plan that consisted of an initial equity grant of 20,000 shares that were immediately vested, to be followed by future issuance of 1,250 shares in the first quarter of each of 2007, 2008, 2009, and 2010. In addition, Mr. Best s employment agreement provides the ability to earn 2,500 and 1,250 shares in each of the same periods if the resulting net asset value calculation results in an increase of ten percent and fifteen percent, respectively. The grant of equity to Mr. Best was a special award, designed to ensure the successful hiring of an individual believed to be qualified to lead St. Mary in future years.

The value of the equity compensation program and the value of the NPP were initially designed to provide a benefit to the executive on a long term average basis that reflects essentially equal value from each of these two elements of compensation.

- *Net Profits Interest Bonus Plan.* The NPP is designed to reward the contributions made by executive officers and key employees to the Company s long-term financial success. Plan participants share in the net profits derived from all oil and gas activity from a specific pool of properties. Each calendar year results in a separate pool, whereby 100 percent of the properties that are completed in a given year are included in that year s pool. The cashflows attributed to the pools are tracked and the pools are evaluated for payout. The concept of payout is defined as the point in time when 100 percent of related costs and expenses, including all drilling, land, geologic, and geophysical costs, acquisition, and operating costs and expenses associated with a designated pool are recovered by the associated revenues and proceeds from the properties in the specific pool. The pools also carry the effects from the Company s commodity hedging program. After payout has been achieved for a given pool, ten percent of the future net cash flows from the properties in that particular pool is distributed as distributable proceeds among the pool participants. After the Company has recovered 200 percent of the total costs and expenses for a given pool, including prior distributions under the plan at the ten percent level, 20 percent of the future net cash flow is distributed among pool participants.

The distributable proceeds are paid to individuals based on their participation percentage in the particular pool in which they have an interest. Individual participation in a pool is determined at the date of creation of the pool. The participation in a pool is determined based on a combination of each participant s relative weighted salary, performance of the region, and the capital intensity attributed to the region in which an individual works. Pool years beginning with the 2006 pool carry a vesting whereby one-third of an individual s participation vests upon selection to the pool, and one-third on each of the next two anniversary dates of the respective pool. There is a cap on pool payouts of 300 percent of that individual s salary paid during the year to which the pool relates. Partial interest participants benefits are prorated proportionately from the 300 percent amount referred to above. In the event there are distributable proceeds beyond the 300 percent limitation or an individual does not fully vest in their interest, the excess benefits remain the ownership of the Company and are not allocated to the remaining plan participants. All pool years prior to and including 2005 are fully vested and there is no limit on the amount of benefit that may be paid from a particular pool.

Consistent with the reasoning for the amount of the equity bonus component of compensation for selected individuals, the NPP acknowledges that senior management is primarily accountable for the profitable operations and investments of the Company. Accordingly, the relative weighted salaries of the Chief Executive Officer and President, and the Executive Vice President and Chief Operating Officer, are 100 percent of their actual base salary and the relative weighted salaries of all other executive officers are two-thirds of actual base salary. This benefit is intended to drive the behavior of those individuals that are thought to have a direct impact on the investment decision-making processes attributed to the oil and gas assets of the Company. Including executive management, the 2006 pool had 85 designated participants.

Payout status for an individual pool has typically begun in four to six years; however, certain pools have reached payout status in as soon as two years. Commodity pricing and operating costs may have significant impacts on the timing of payout and the magnitude of payments once a pool is in payout status.

Just as with the vesting schedule in the Restricted Stock Plan, the vesting component of future pools also serves as a retention tool for the Company.

Since achieving payout status is dependent upon on the performance of the capital investments for a specific pool and since the timing of achieved payout varies, payment of distributable proceeds does not bear a direct relationship to the performance of the Company as a whole in the actual year payments are made. That being said, the benefit is designed to reward the long-term decisions that were made in prior years after the Company has been repaid for the capital and costs of the associated investments.

The NPP is also designed to create the proper tension between growth and economics. Growth without strong economics creates minimal value for participants as does limited activity with excellent economics. Because poor investments directly diminish the value of the pool, there is an incentive for capital to flow to the best performing projects within the Company. The NPP also helps to drive the hiring of the right people that can contribute enough value so as to not dilute the value of the pool to other participants. Because key employees have a financial interest in the performance of the oil and gas properties, not only are they motivated to make good investment decisions and execute them properly, but they are also motivated to maximize the value of the oil and gas properties throughout the life of those properties.

- Pension and 401(k) Our executives participate in the qualified, non-contributory defined benefit plan and a 401(k) program on the same basis as all of our employees. A supplemental pension plan exists whereby additional benefits are provided to executive level employees in order to provide for benefits in excess of Internal Revenue Code limits on the qualified plan. The supplemental plan is an unfunded non-qualified plan. We believe that these plans are necessary to remain competitive in the hiring and retention of qualified personnel. Included in this proxy is a description of the manner in which the pension plans function, together with the years of service credit and value of plan assets for each of the disclosed individuals. See Pension Benefits .

The qualified plan provides a benefit after 25 years of service equal to 35 percent of final average compensation, subject to Internal Revenue Code limits. Final average compensation is the average of the highest three consecutive years of the ten years preceding termination of employment. For each named executive officer, the level of compensation used to determine benefits payable under the qualified pension plan is that officer s average of base salaries, excluding bonuses.

The supplemental plan provides executives hired before 1995, after completing 15 years of service and reaching age 65, a benefit equal to 40 percent of final average compensation plus 37 percent of final average compensation integrated with the social security wage base without regard to compensation limitations provided under the qualified plan, less the benefit provided by the qualified plan. For executives hired after 1994, the supplemental benefit is calculated using the formula for the qualified plan without the limitation imposed by Section 415 of the Internal Revenue Code, less the benefit provided by the qualified plan.

The Company s 401(k) Profit Sharing Plan is a defined contribution pension plan subject to the Employee Retirement Income Security Act of 1974. The 401(k) Plan allows eligible employees to contribute up to 60 percent of their income on a pretax basis through contributions to the 401(k) Plan. Contributions are limited to amounts determined by Internal Revenue Code regulations. The Company matches each employee s contributions up to six percent of the employee s pretax income. Company contributions vest over an employee s first five years of employment.

- Sign-on Bonuses In addition to the ongoing elements, the Committee and senior management have the discretionary ability to pay sign-on bonuses in the form of cash or stock to executive officers as well as other employees. The Company utilizes these bonuses in order to attract personnel believed to be valuable to the Company. The hiring of employees, particularly the hiring of executives, is highly competitive. In order to attract and retain skilled employees, we believe that this tool is important to the building and retention of a strong qualified workforce.

- Health and Welfare Benefits The executive officers of the Company are eligible to participate in the St. Mary health, pharmacy, dental, and vision insurance programs on the same basis as the broad employee group. These plans are intended to provide benefits that support the well being and overall health of executives and employees. The directors are also eligible for health, pharmacy, dental, and vision insurance programs at COBRA premiums.

- Group Term Life, Supplemental Life Insurance, Supplemental Disability, and Other Benefits Our executives are provided group term insurance as well as supplemental term insurance up to two times their base salary with a maximum coverage of $500,000. Additionally, executive officers are eligible to have individual disability income contracts beyond the group disability maximum benefit. The supplemental group term and disability insurance are intended to provide additional coverage for those individuals whose salary exceeds the limits for the group term policy. Allowing supplemental coverage provides executives to have coverage that is a commensurate percentage of their base salary consistent with all employees

- Change of Control Benefits St. Mary has established a change of control executive severance policy. The change of control agreements require first that a qualifying change of control event has occurred and secondly that the executive has been terminated or that certain other conditions are met, as summarized below. The Company has entered into change of control severance agreements whereby executive officers are entitled to receive severance payments in the event that their employment is terminated within two and one-half years after a change of control of the Company (a) without cause by the Company or (b) for good reason by the officer (e.g. an adverse change in the officer s status after a change of control), each as defined in the agreements. The term good reason incorporates the concept of a change in the employee s status, authority, position, offices, titles, duties or responsibilities that are reasonably viewed as a diminution of duties at any time within the 90 days preceding a change of control event or any time thereafter. The term good reason also contemplates a reduction in the employee s salary and benefits over this same time frame, or the requirement of an employee to relocate the base of employment outside a 25-mile radius from the employee s current location. The severance payments equal up to two and one-half years annual base salary, depending on the length of time employment continues after the change of control provided that in no event would the severance payments equal less than one year s annual base salary. In addition, all insurance and fringe benefits will be provided for a period of one year after termination. The Company has determined that benefits under this plan are subject to an optimization calculation, however, does not include a so-called gross-up calculation for income tax.

A change of control is defined to include (i) an acquisition of more than 50 percent of the common stock or assets of the Company in a reorganization, merger, or consolidation of the Company or (ii) a change in more than 50 percent of the composition of the Board of Directors of the Company other than as a result of the election of new members of the Board of Directors by a vote of the incumbent members of the Board of Directors or by stockholders of the Company pursuant to the recommendation of the incumbent members of the Board of Directors.

- Employment Contracts Both Mr. Hellerstein and Mr. Best have been provided with employment agreements. The Compensation Committee of the Board of Directors believes that the terms of such agreements are commercially reasonable and have aided in the retention and hiring of each individual.

- Employee Stock Purchase Plan The purpose of the employee stock purchase plan (ESPP) is to encourage eligible employees to purchase and hold shares of our common stock. The plan cycle consists of two periods annually with plan periods for the six months ending June 30, and

December 31, of each year. The ESPP allows employees to contribute up 15 percent of their base compensation to purchase common stock at a discount of 15 percent of the lower of the beginning or ending period s stock price. The maximum amount an employee can contribute to the plan is $25,000 per year, pursuant to Internal Revenue Code restrictions.

Prior Use of Stock Options in Compensation

Although we have outstanding stock options, we stopped granting new stock options to employees after December 2003 and to directors after December 2004. The stock option program was replaced with the Restricted Stock Program beginning in 2004 following stockholder approval in May of that year.

In the process of granting stock options, we have never back-dated any stock option grants. In all cases, stock options were granted at the market price as of the date the options were issued. The Compensation Committee approved the grant of the options with the express requirement that the price be determined as of the date of the grant in all cases. Our usual process of granting stock options over the ten years prior to discontinuing the stock option program changed from annual grants to quarterly grants at the end of the 2000. From 1994 until December 31, 2000, stock option grants were made annually at year-end. Beginning in September 2001, stock option grants were made each quarter-end until December 2003. Upon instituting the quarterly grants, the number of shares underlying the grants was reduced to approximately one-fourth of the annual grants. Clearly, since these grants were made at consistent times based on the occurrence of calendar periods, no backdating occurred nor was there manipulation in terms of when the grants were made to employees.

Aside from these regularly scheduled grants, the Company had a history of issuing stock options to newly hired employees or to certain newly promoted employees. There was also a one-time special grant to two senior officers arising out of a study commissioned by the Compensation Committee. Such grants were made contemporaneous with the respective event and/or the approval of the Compensation Committee. One other unusual grant was made during the transition from the use of stock options to the Restricted Stock Program. The penultimate grant of stock options to employees occurred in October 2003, which was essentially a deferral of the September 2003 grant. The delay from September 2003 was a result of pending Compensation Committee approval of the transition methodology to the Restricted Stock Program equity award at its next regularly scheduled committee meeting.

EXECUTIVE COMPENSATION AND SUMMARY COMPENSATION TABLE

The Summary Compensation table sets forth the annual and long term compensation received during the Company s last year by the Chief Executive Officer, the Chief Financial Officer, and by the three other highest compensated executive officers of the Company that were employed as of December 31, 2006. This table also includes two individuals that are no longer employees of St. Mary, however, the proxy disclosure rules require disclosure of up to two additional individuals for whom disclosure would have been required but for the fact that they were no longer serving as executive officers at the end of the last completed fiscal year.

In addition to salaries, the Company has granted RSUs for the 2006 annual period to executive management and selected other personnel. These individuals also participate with other members of management in the NPP. All eligible employees participate in the Company s performance based cash bonus plan and 2006 Equity Incentive Compensation Plan as described more fully in the Compensation Discussion and Analysis.

17

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(1)	Change In Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)(2)	Total ($)
Mark A. Hellerstein President and Chief Executive Officer (principal executive officer)(4)	2006	$ 403,000	$ 32,240	$ 120,093	$	$ 3,361,399	$ 125,692	$ 17,892	$ 4,060,316
Anthony J. Best Chief Executive Officer and President (2, 4 & 7)	2006	$ 208,807	$ 794,305	$ 62,225	$	$	$	$ 83,213	$ 1,148,550
Robert L. Nance Senior Vice President and President and Chief Executive Officer of Nance Petroleum Corporation	2006	$ 240,000	$ 14,400	$ 53,655	$	$ 707,621	$ 34,245	$ 18,766	$ 1,068,687
David W. Honeyfield Senior Vice President Chief Financial Officer, Treasurer and Secretary (principal financial officer)(6)	2006	$ 203,000	$ 16,240	$ 60,497	$	$ 64,989	$ 9,373	$ 19,711	$ 373,810
Milam Randolph Pharo Vice President Land and Legal, and Assistant Secretary	2006	$ 175,000	$ 14,000	$ 26,071	$	$ 855,829	$ 22,986	$ 13,917	$ 1,107,803
Douglas W. York(5) Former Executive Vice President and Chief Operating Officer	2006	$ 244,039	$	$	$	$ 998,462	$ 15,260	$ 11,033	$ 1,268,794
Kevin E. Willson(5) Former Senior Vice President and Regional Manager Mid-Continent	2006	$ 153,750	$	$	$	$ 954,333	$ 30,360	$ 10,466	$ 1,148,909

(1) Totals consist of amounts earned under the NPP. See the Compensation Discussion and Analysis in this proxy statement for a description of this plan.

(2) Amounts consist of the Company s contribution to the 401(k) Profit Sharing Plan, holiday bonus, group term life premiums, supplemental life insurance premiums, supplemental disability income premiums and health club dues. Also included in this column is $68,431 paid to Mr. Best in conjunction with his move to Colorado commencing with his employment.

(3) The awards in the 2006 column represent the RSUs issued in 2007 related to the 2006 performance period.

(4) Mr. Hellerstein retired as Chief Executive Officer of St. Mary Land & Exploration Company on February 23, 2007, and has been succeeded by Mr. Best effective the same day. Mr. Best was President of St. Mary Land & Exploration Company as of December 31, 2006.

(5) Mr. York and Mr. Willson were executive officers for a portion of 2006. Each individual terminated employment with St. Mary Land & Exploration Company effective September 30, 2006.

(6) Mr. Honeyfield was promoted to Senior Vice President effective March 1, 2007.

(7) Mr. Best s bonus amount includes amounts in connection with the recruiting process as described in the CD&A.

The dollar value of the RSUs listed in the Summary Compensation Table is calculated based on the closing price of the Company s common stock on the effective date of the grants for the fiscal 2006 grants, which was $36.01 per share. The following table lists the number of RSUs held by each individual and the market value of the total holdings of the RSUs of St. Mary Land & Exploration Company for the Named Executive Officers as of the end of fiscal year 2006. The total includes the grants made on February 28, 2007 for the fiscal 2006 period. The value shown is based on the closing market price of $36.84 on December 31, 2006, as reported by the New York Stock Exchange.

Named Executive Officer	Number of Restricted Stock Units Issued	Market Value as of 12/31/06
Mark A. Hellerstein	64,955	$ 2,392,942
Anthony J. Best	21,728	$ 800,460
Robert L. Nance	45,973	$ 1,693,645
David W. Honeyfield	18,775	$ 691,671
Milam Randolph Pharo	14,008	$ 516,055
Douglas W. York	10,506	$ 387,041
Kevin E. Willson	16,071	$ 592,056

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payout Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)**	**(#)**	**($/Sh)**
Mark A. Hellerstein	12/31/06		(1)	$ 1,209,000 (2)				3,335		
Anthony J. Best	12/31/06		(1)	$ 626,420 (2)				1,728		
	6/12/06				(3)	(3)	(3)			
Robert L. Nance	12/31/06		(1)	$ 720,000 (2)				1,490		
David W. Honeyfield	12/31/06		(1)	$ 609,000 (2)				1,680		
Milam Randolph Pharo	12/31/06		(1)	$ 525,000 (2)				724		
Douglas W. York	(4)									
Kevin E. Willson	(4)									

(1) The amount of net profits interest payable to participants for the 2006 NPP is ten percent of net cash flows from the 2006 pool. This amount is calculated after recovery by the Company from wells of one hundred percent of all costs incurred, including but not limited to drilling, completions, operations, land, geological, and geophysical costs but excluding interest, and such net profits interest shall increase to an aggregate of twenty percent from and after such time as the Company has recovered two hundred percent of all such costs including the initial ten percent distribution.

(2) The maximum amount a participant may receive under the 2006 NPP is limited to 300 percent of the participant s 2006 salary. The salary used in the calculation of the limitation is the same as used to calculate the participant s interest in the Pool year.

(3) Per Mr. Best s Employment Agreement, upon commencement of employment, Mr. Best received the opportunity to earn up to 20,000 shares of St. Mary stock if certain net asset value growth percentages are met. The base award of 5,000 shares contains only a service condition that Mr. Best remains employed at St. Mary during the next four years. However, the additional 15,000 shares contain a performance condition that requires St. Mary to realize a defined increase in net asset value using the Company scorecard.

(4) Neither Mr. York nor Mr. Willson were eligible for any grants in 2006 because of their voluntary termination of employment in September 2006.

The following table displays outstanding equity awards for listed individuals as of December 31, 2006. The impact of any earned but un-issued RSUs for the 2006 performance period are not included as they were fully vested as of December 31, 2006.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards				**Stock Awards**			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock that Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Mark A. Hellerstein								
	5,057		$ 13.39	10/22/13				
		125,000 (1)	$ 11.58	06/01/12				
	5,057		$ 14.25	12/31/13				
					3,335	$ 122,861		
					18,198	$ 670,414		
					3,950	$ 145,518		
					7,364	$ 271,290		
Anthony J. Best					1,728	$ 63,660		
							5,000	$ 184,200
							15,000	$ 552,600
Robert L. Nance	34,024		$ 16.66	12/31/10				
	13,484		$ 12.50	12/31/12				
	15,052		$ 10.60	12/31/11				
	15,052		$ 7.97	09/30/11				
	12,072		$ 14.25	12/31/13				
	37,784		$ 6.19	12/31/09				
	13,482		$ 11.95	09/30/12				
	13,482		$ 12.53	03/31/13				
	13,480		$ 13.65	06/30/13				
	15,050		$ 12.03	06/30/12				
	12,072		$ 13.39	10/22/13				
	15,050		$ 10.86	03/31/12				
					1,490	$ 54,892		
					10,827	$ 398,867		
					4,909	$ 180,848		
					5,205	$ 191,752		
David W. Honeyfield	4,500	15,000 (2)	$ 12.88	05/16/13				
	1,054		$ 13.39	10/22/13				
	1,054		$ 14.25	12/31/13				
					1,680	$ 61,891		
					8,654	$ 318,813		