ST MARY LAND & EXPLORATION CO
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PROSPECTUS

[St. Mary Land & Exploration Company Logo]

St. Mary Land & Exploration Company

$100,000,000
5.75% Senior Convertible Notes Due 2022
and 3,846,153 Shares of Common Stock Issuable
Upon Conversion of the Notes

This prospectus relates to the offering for resale of $100,000,000 aggregate principal amount of our 5.75% Senior Convertible Notes due 2022 and 3,846,153 shares of our common stock issuable upon conversion of the notes. We issued the notes in a private placement in March 2002 to qualified institutional buyers under Rule 144A under the Securities Act of 1933. The selling securityholders named in this prospectus may use this prospectus to offer and sell their notes and/or the shares of common stock issuable upon conversion of their notes. We will not receive any proceeds from sales of the notes or shares of our common stock by the selling securityholders.

The notes and the shares of common stock may be offered for resale from time to time by the selling securityholders at market prices prevailing at the time of sale or at privately negotiated prices. The selling securityholders may sell the notes or the shares of our common stock directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions.

Holders may convert the notes into shares of our common stock at any time prior to maturity or their prior redemption or repurchase by us. The conversion rate is approximately 38.4615 shares for each $1,000 principal amount of notes, subject to adjustment. This is equivalent to a conversion price of $26.00 per share. The notes will mature on March 15, 2022.

We will pay interest on the notes in cash on March 15 and September 15 of each year. The first interest payment will be made on September 15, 2002. The notes bear interest at a fixed annual rate of 5.75%. We will also pay contingent interest under certain circumstances.

We may redeem the notes at our option in whole or in part beginning on March 20, 2007, at 100% of their principal amount plus accrued and unpaid interest (including contingent interest) payable in cash. If a change in control of St. Mary occurs, holders of the notes may require us to repurchase all or a portion of their notes. Holders of the notes may also require us to repurchase all or part of their notes on March 20, 2007, March 15, 2012 and March 15, 2017.

The notes are general unsecured obligations of St. Mary ranking on a parity in right of payment with all our existing and future unsecured senior indebtedness and our other general unsecured obligations, and senior in right of payment to all our future subordinated indebtedness.

Our common stock is traded on the Nasdaq National Market under the symbol "MARY." On August 27, 2002, the last sale price of the common stock, as reported on the Nasdaq National Market, was $24.47 per share.

Investing in the securities offered hereby involves a high degree of risk. See "Risk Factors" beginning on page 6.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 28, 2002.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. The selling securityholders are offering to sell, and seeking offers to buy, the securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the securities. In this prospectus, references to "we," "us" and "our" refer to St. Mary Land & Exploration Company and its subsidiaries.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission utilizing a "shelf" registration process or continuous offering process. Under this shelf registration process, the selling securityholders may, from time to time, sell the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities which may be offered by the selling securityholders. Each time a selling securityholder sells securities, the selling security holder is required to provide you with this prospectus and, in certain cases, a prospectus supplement containing specific information about the selling security holder and the terms of the securities being offered. That prospectus supplement may include additional risk factors or other special considerations applicable to those securities. Any prospectus supplement may also add, update, or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PROSPECTUS SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus. You should carefully read this entire prospectus and the documents incorporated by reference, particularly the section entitled "Risk Factors" beginning on page 6. When we use the terms "St. Mary," "we," "us" or "our," we are referring to St. Mary Land & Exploration Company and its subsidiaries, unless the context otherwise requires. The term "you" refers to a prospective investor. We have included technical terms important to an understanding of our business under "Glossary of Common Oil and Gas Terms."

The Company

St. Mary Land & Exploration Company is an independent energy company engaged in the exploration, development, acquisition and production of natural gas and crude oil. St. Mary was founded in 1908 and incorporated in Delaware in 1915. Our operations are focused in the following five core operating areas in the United States:

- the Mid-Continent region in western Oklahoma and northern Texas;
- the ArkLaTex region that spans northern Louisiana and portions of eastern Texas, Arkansas and Mississippi;
- the onshore Gulf Coast and offshore Gulf of Mexico;
- the Williston Basin in eastern Montana and western North Dakota; and
- the Permian Basin in eastern New Mexico and western Texas.

As of December 31, 2001, we had estimated proved reserves of approximately 24 MMBbls of oil and 241 Bcf of natural gas, or a total of 383 BCFE, 86% of which were proved developed and 63% of which were natural gas, with a PV-10 value of $364 million. For the year ended December 31, 2001, we produced 54.1 BCFE representing average daily production of 148.2 MMCFE per day. For the six months ended June 30, 2002, we produced 27.4 BCFE representing average daily production of 151.6 MMCFE per day.

To obtain more information about us, see "Where You Can Find More Information."

Our principal offices are located at 1776 Lincoln Street, Suite 1100, Denver, Colorado 80203, and our telephone number is (303) 861-8140.

The Offering

In March 2002, we completed a private placement of the notes offered under this prospectus. We entered into a registration rights agreement with the initial purchasers in the private placement under which we agreed, for the benefit of the holders of the notes, to file a shelf registration statement with the SEC with respect to resales of the notes and common stock issued upon the conversion thereof. We also agreed to use our reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act and to keep the shelf registration statement effective for a specified period of time. This prospectus is a part of that shelf registration statement and may be used from time to time by selling securityholders named in this prospectus to sell the notes or common stock issued upon the conversion thereof.

Issuer................................	St. Mary Land & Exploration Company
Notes Offered.........................	$100 million principal amount of 5.75% Senior Convertible Notes due 2022.
Maturity..............................	March 15, 2022.
Ranking...............................	The notes are general unsecured obligations, ranking on a parity in right of payment with all our existing and future unsecured senior indebtedness and our other general unsecured obligations, and senior in right of payment to all our future subordinated indebtedness. The notes are effectively subordinated to borrowings under our bank credit facility, which are secured obligations. See "Description of Credit Facility."
Interest..............................	The notes bear interest at a fixed annual rate of 5.75% to be paid in cash every March 15 and September 15 of each year, beginning on September 15, 2002. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.
Contingent Interest...................	In addition to the interest described above under "-- Interest," we will pay contingent interest to the holders of the notes during any six-month period from March 15 to September 14 and from September 15 to March 14, as appropriate, commencing with the six-month period beginning September 15, 2002, if the average trading price of the notes for the five trading days ending on the second trading day immediately preceding the beginning of the relevant six-month period equals 120% or more of the principal amount of the notes. The annual rate of contingent interest payable in respect of any six-month period will equal the greater of (a) cash dividends, if any, paid by us per share of our common stock during that period multiplied by the applicable conversion rate and expressed as a percentage of the par value of the notes and (b) a per annum rate equal to 5.0% of our estimated per annum borrowing rate for senior non-convertible fixed-rate indebtedness

with a maturity date comparable to the notes, but in no event may the rate of contingent interest exceed a per annum rate of 0.50%, in each case based on the outstanding principal amount of the notes. Contingent interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Conversion Rights......................	You may convert your notes into shares of our common stock at a conversion rate of approximately 38.4615 shares of common stock for each $1,000 principal amount in notes. This is equivalent to a conversion price of $26.00 per share. The conversion price may be subject to adjustment under certain circumstances. In addition, we may from time to time reduce the conversion price for a period of no less than 20 days for conversions occurring within that period if we determine that such a reduction would be in our best interest. The notes will be convertible at any time before the close of business on the maturity date, unless we have previously redeemed or repurchased the notes. You may convert your notes called for redemption or submitted for repurchase up to and including the close of business on the second day immediately preceding the date fixed for redemption or repurchase, as the case may be.
Sinking Fund..........................	None.
Optional Redemption....................	We may redeem some or all of the notes at any time on or after March 20, 2007 at a redemption price of 100% of their principal amount plus accrued and unpaid interest (including contingent interest) payable in cash.
Repurchase at Option of Noteholders.....	You may require us to repurchase all or part of your notes not previously redeemed, repurchased or converted on March 20, 2007, March 15, 2012 and March 15, 2017, for a repurchase price of 100% of their principal amount plus accrued and unpaid interest (including contingent interest). We may pay the repurchase price: o on March 20, 2007, in cash, in shares of our common stock, or in any combination of cash and shares of our common stock, with the shares of common stock to be valued at a discount to the market price at the time of repurchase;

and

o on March 15, 2012 and March 15, 2017, in cash only.

Change in Control......................	Upon the occurrence of a change in control, as described in this prospectus, and before the maturity or redemption of the notes, you will have the right to require us to repurchase all or part of your notes at a price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest (including contingent interest) payable in cash.
Trading................................	We do not intend to apply for listing or quotation of the notes. Although the notes issued in the initial private placement are eligible for trading in the PORTAL market, notes sold using this prospectus will no longer be eligible for trading in the PORTAL market. We have been informed by the initial purchasers of the notes that they intend to make a market in the notes. The initial purchasers are not obligated to do so, and they may cease their market-making at any time without notice.

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Use of Proceeds........................	We will not receive any of the proceeds from the sale by any selling securityholder of the notes or the common stock offered under this prospectus.
Nasdaq National Market Symbol for Common Stock...........................	MARY
Taxation...............................	By purchasing the notes, you agree, for United States federal income tax purposes, to treat the notes as "contingent payment debt instruments" and to be bound by our application of the Treasury regulations that govern contingent payment debt instruments, including our determination that the rate at which interest will be deemed to accrue for federal income tax purposes will be 10.00%, which is comparable to the rate at which we would borrow on a noncontingent, nonconvertible borrowing. You should be aware that, even if we do not pay any contingent interest on the notes, you will be required to include in your gross income for United States federal income tax purposes an amount of interest significantly in excess of

regular cash interest regardless of whether you use the cash or accrual method of tax accounting. In addition, you will recognize ordinary income upon a conversion of a note into our common stock equal to the amount, if any, by which the value of the common stock received on the conversion exceeds the sum of the original purchase price of your note and accrued but unpaid interest. However, the proper United States federal income tax treatment of a holder of a note is uncertain in various respects. If the agreed upon treatment were successfully challenged by the IRS, it might be determined that, among other differences, you should have accrued interest income at a lower rate, should not have . recognized income or gain upon the conversion, and should not have recognized ordinary income upon a taxable disposition of a note. You are strongly urged to consult your own tax advisors with respect to the United States federal, state, local and foreign tax consequences of purchasing, owning and disposing of the notes and shares of common stock. See "Certain United States Federal Income Tax Considerations."

Risk Factors

An investment in the notes or shares of our common stock involves significant risks. You should carefully consider all the information in this prospectus. In particular, you should evaluate the specific risk factors set forth under "Risk Factors" beginning on page 6.

Ratio of Earnings to Fixed Charges (unaudited)

The following table shows our unaudited ratio of earnings to fixed charges for the periods shown. The ratio of earnings to fixed charges has been computed by dividing earnings available for fixed charges (earnings from continuing operations before income taxes) by fixed charges (interest expense plus capitalized interest). Interest expense includes the portion of operating rental expense that we believe is representative of the interest component of rental expense.

Six Months Ended June 30,		Years Ended December 31,				
2002	2001	2001	2000	1999	1998	1997
11.3	144.4	69.4	86.1	0.6	(6.7)	27.6

Earnings in 1999 and 1998 were inadequate to cover fixed charges, with a deficiency of $0.6 million and $14.3 million, respectively. Our unaudited pro forma ratio of earnings to fixed charges, which gives effect to our use of proceeds from the issuance in March 2002 of $100 million total principal amount of our 5.75% senior convertible notes due 2022 to repay outstanding debt under our revolving credit facility and a five-year fixed rate-to-floating rate interest swap entered into with respect to $50 million of the notes, would be 9.2 for the six months ended June 30, 2002 and 13.8 for the year ended December 31, 2001. The floating interest rate under the swap for each applicable six-month period will be the London interbank offered rate plus 0.36%. For the initial six-month calculation period this rate was 2.69%.

RISK FACTORS

An investment in the notes or shares of our common stock involves significant risks. In addition to reviewing other information in this prospectus, you should carefully consider the following factors before deciding to purchase the notes or shares of our common stock.

Risks Related to Our Business

Oil and natural gas prices are volatile, and an extended decline in prices would hurt our profitability and financial condition.

Our revenues, operating results, profitability, future rate of growth and the carrying value of our oil and gas properties depend heavily on prevailing market prices for oil and gas. We expect the markets for oil and gas to continue to be volatile. Any substantial or extended decline in the price of oil or gas would have a material adverse effect on our financial condition and results of operations. It could reduce our cash flow and borrowing capacity, as well as the value and the amount of our oil and gas reserves. Lower prices may also reduce the amount of oil and gas that we can economically produce.

Historically, the markets for oil and gas have been volatile, and they are likely to continue to be volatile. Wide fluctuations in oil and gas prices may result from relatively minor changes in the supply of and demand for oil and gas, market uncertainty and other factors that are beyond our control, including:

- worldwide and domestic supplies of oil and natural gas;
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- political instability or armed conflict in oil or gas producing regions;
- the price and level of foreign imports;
- worldwide economic conditions;
- marketability of production;
- the level of consumer demand;
- the price, availability and acceptance of alternative fuels;
- the availability of pipeline capacity;
- weather conditions; and

o actions of federal, state, local and foreign authorities.

These external factors and the volatile nature of the energy markets make it difficult to estimate future prices of oil and natural gas. Declines in oil and gas prices would reduce our revenue and could also reduce the amount of oil and gas that we can produce economically and, as a result, could have a material adverse effect on our financial condition, results of operations and reserves. Further, oil and gas prices do not necessarily move in tandem. Because approximately 63% of our proved reserves were natural gas reserves as of December 31, 2001, we are more susceptible to changes in natural gas prices.

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A material portion of our production, revenues and cash flows are derived from one field.

Production from the Judge Digby Field accounted for approximately 16% of our total oil and gas production volumes during 2001. If the level of production from this field substantially declines other than through normal depletion over the expected reserve life, it could have a material adverse impact on our overall production levels and our revenues.

Our future success depends on our ability to replace reserves that we produce.

Our future success depends on our ability to find, develop and acquire oil and gas reserves that are economically recoverable. As of December 31, 2001, our proved reserves would last approximately 7.1 years if produced constantly at the 2001 rate of production. As a result, we must locate and develop or acquire new oil and gas reserves to replace those being depleted by production. We must do this even during periods of low oil and gas prices. Without successful exploration or acquisition activities, our reserves, production and revenues will decline rapidly. In addition, approximately 14% of our total estimated proved reserves at December 31, 2001 were undeveloped. By their nature, undeveloped reserves are less certain. Recovery of such reserves will require significant capital expenditures and successful drilling operations. We cannot assure you that we will be able to find and develop or acquire additional reserves at an acceptable cost.

Our producing property acquisitions carry significant risks.

Our recent growth is due in part to, and our growth strategy relies in part on, acquisitions of producing properties and exploration and production companies. Successful acquisitions require an assessment of a number of factors beyond our control. These factors include recoverable reserves, future oil and gas prices, operating costs and potential environmental and other liabilities. These assessments are inexact and their accuracy is inherently uncertain. In connection with these assessments, we perform a review of the subject properties that we believe is generally consistent with industry practices. However, such a review will not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We do not inspect every well. Even when we do inspect a well, we may not always discover structural, subsurface or environmental problems that may exist or arise.

In connection with our acquisitions, we are generally not entitled to contractual indemnification for preclosing liabilities, including environmental liabilities. Normally, we acquire interests in properties on an "as is" basis with limited remedies for breaches of representations and warranties. In addition, competition for producing oil and gas properties is intense and many of our competitors have financial and other resources substantially greater than those available to us. Therefore, we cannot assure you that we will be able to acquire oil and gas properties that contain economically recoverable reserves or that we will acquire such properties at acceptable prices.

Additionally, significant acquisitions can change the nature of our operations and business depending upon the character of the acquired properties, which may have substantially different operating and geological characteristics or be in different geographic locations than our existing properties. While it is our current intention to continue to concentrate on acquiring properties with development, exploitation and exploration potential located in our five core operating areas, we cannot assure you that in the future we will not decide to pursue acquisitions or properties located in other geographic regions. To the extent that such acquired properties are substantially different than our existing properties, our ability to efficiently realize the economic benefits of such transactions may be limited.

We may not be able to successfully integrate future property or corporate acquisitions.

We seek to make selective niche acquisitions of oil and gas properties and we will pursue corporate acquisitions that we believe will be accretive. However, integrating acquired properties and businesses involves a number of special risks. These risks include the possibility that management may be distracted from normal business concerns by the need to integrate operations and systems and in retaining and assimilating additional employees. Any of these or other similar risks could lead to potential adverse short-term or long-term effects on our operating results. We cannot assure you that we will be able to obtain adequate funds for future property or corporate acquisitions,

successfully integrate our future property or corporate acquisitions or that we will realize any of the anticipated benefits of the acquisitions.

Substantial capital is required to replace and grow reserves.

We make, and will continue to make, substantial expenditures to find, acquire, develop and produce oil and natural gas reserves. Our capital expenditures for oil and gas properties were $55.1 million for the six months ended June 30, 2002, $182.9 million for 2001 and $125.2 million for 2000. We have budgeted total capital expenditures of $164 million in 2002. With the net proceeds from our issuance of the notes in March 2002, cash provided by operating activities and borrowings under our credit facility, we believe we will have sufficient cash to fund budgeted capital expenditures in 2002. If additional development or attractive acquisition opportunities arise, we may consider other forms of financing, including the public offering or private placement of equity or debt securities. However, if oil and gas prices decrease or we encounter operating difficulties that result in our cash flow from operations being less than expected, we may have to reduce the capital we can spend in future years, unless we raise additional funds through debt or equity financing. We currently do not have any sources of additional financing other than our credit facility. We cannot assure you that debt or equity financing, cash generated by operations or borrowing capacity will be available to us on acceptable terms to meet these requirements.

Future cash flows and the availability of financing will be subject to a number of variables, such as:

- our success in locating and producing new reserves;
- the level of production from existing wells; and
- prices of oil and natural gas.

Issuing equity securities to satisfy our financing requirements could cause substantial dilution to existing stockholders. Additional debt financing could lead to:

- a substantial portion of our operating cash flow being dedicated to the payment of principal and interest;
- us being more vulnerable to competitive pressures and economic downturns; and
- restrictions on our operations.

If our revenues were to decrease due to lower oil and natural gas prices, decreased production or other reasons, and if we could not obtain capital through our credit facility or otherwise, our ability to execute our development plans, replace our reserves or maintain production levels could be greatly limited.

We may not be able to maintain a bank credit facility borrowing base that adequately meets our anticipated financing needs.

We have a long-term revolving credit facility with a bank group consisting of Bank of America, Comerica Bank-Texas and Wells Fargo Bank West. Under the facility, the maximum loan amount is $200 million. The amount actually available from time to time depends on a borrowing base that the lenders periodically redetermine based on the value of our oil and gas properties and other assets. The stated total borrowing base is currently $160 million. Since we pay commitment fees based on the unused portion of the borrowing base, we have limited the borrowing base which we have accepted to correspond with our actual funding requirements. The accepted borrowing base under the facility as of June 30, 2002 was $40 million.

We cannot assure you that the banks will agree to a borrowing base in future redeterminations that is adequate for our anticipated financing needs.

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If oil and gas prices decrease or exploration efforts are unsuccessful, we may be required to take additional writedowns.

There is a risk that we will be required to write down the carrying value of our oil and gas properties. This could occur when oil and gas prices are low or if we have substantial downward adjustments to our estimated proved reserves, increases in our estimates of development costs or deterioration in our exploration results.

We follow the successful efforts accounting method. All property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending the determination of whether proved reserves have been discovered. If proved reserves are not discovered with an exploratory well, the costs of drilling the well are expensed. All geological and geophysical costs on exploratory prospects are expensed as incurred. The capitalized costs of our oil and gas properties, on a field-by-field basis, may not exceed the estimated future net cash flows of that field. If capitalized costs exceed future net revenues we write down the costs of each such field to our estimate of fair market value. Unproved properties are evaluated at the lower of cost or fair market value. This type of charge will not affect our cash flow from operating activities, but it will reduce the book value of our stockholders' equity. We review the carrying value of our properties quarterly, based on prices in effect as of the end of each quarter or as of the time of reporting our results. Once incurred, a writedown of oil and gas properties is not reversible at a later date even if oil or gas prices increase. St. Mary incurred impairment and abandonment charges on proved and unproved properties of $4.7 million, $6.3 million and $10.6 million in 2001, 2000 and 1999, respectively. St. Mary incurred impairment and abandonment charges on proved and unproved properties of $1.3 million in the six months ended June 30, 2002.

Information concerning our reserves and future net revenue estimates is uncertain.

There are numerous uncertainties inherent in estimating quantities of proved oil and natural gas reserves and their values, including many factors beyond our control. Estimates of proved undeveloped reserves, which comprise a significant portion of our reserves, are by their nature uncertain. The reserve data included and incorporated by reference in this prospectus is estimated. Although we believe these estimates are reasonable, actual production, revenues and reserve expenditures will likely vary from estimates, and these variances may be material.

Estimates of oil and natural gas reserves, by necessity, are projections based on geologic and engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions governing future oil and natural gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

In addition, you should not construe PV-10 value as the current market value of the estimated oil and natural gas reserves attributable to our properties. We have based the PV-10 value on prices and costs as of the date of the estimate, in accordance with applicable regulations, whereas actual future prices and costs may be materially higher or lower. For example, values of our reserves at December 31, 2001 were estimated starting with a calculated weighted average sales price of $19.84 per barrel of oil (NYMEX) and $2.65 per MMBtu of gas (Gulf Coast spot price), then adjusted for quality and basis differentials. During 2001, our realized gas prices were as high as $7.86 per Mcf and as low as $2.21 per Mcf. Many factors will affect actual future net cash flows, including:

- o the amount and timing of actual production;
- o supply and demand for oil and natural gas;
- o curtailments or increases in consumption by natural gas purchasers; and
- o changes in governmental regulations or taxation.

The timing of the production of oil and natural gas properties and of the related expenses affect the timing of actual future net cash flows from proved reserves and, thus, their actual present value. In addition, the 10% discount factor, which we are required to use to calculate PV-10 value for reporting purposes, is not necessarily the most appropriate discount factor given actual interest rates and risks to which our business or the oil and natural gas industry in general are subject. As a result, our actual future net cash flows could be materially different from the estimates included in this prospectus.

Our industry is highly competitive.

Major oil companies, independent producers, and institutional and individual investors are actively seeking oil and gas properties throughout the world, along with the equipment, labor and materials required to operate properties. Many of our competitors have financial and technological resources vastly exceeding those available to us. Many oil and gas properties are sold in a competitive bidding process in which we may lack technological information or expertise available to other bidders. We cannot be sure that we will be successful in acquiring and developing profitable properties in the face of this competition.

Exploration and development drilling may not result in commercially productive reserves.

Oil and gas drilling and production activities are subject to numerous risks, including the risk that no commercially productive oil or natural gas will be found. The cost of drilling and completing wells is often uncertain, and oil and gas drilling and production activities may be shortened, delayed or canceled as a result of a variety of factors, many of which are beyond our control. These factors include:

- unexpected drilling conditions;
- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions;
- shortages in experienced labor;
- compliance with governmental requirements; and
- shortages or delays in the availability of drilling rigs and the delivery of equipment.

The prevailing prices of oil and gas also affect the cost of and the demand for drilling rigs, production equipment and related services.

We cannot assure you that the wells we drill will be productive or that we will recover all or any portion of our investment in such wells. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well that oil or gas is present or may be produced economically. The cost of drilling, completing and operating a well is often uncertain, and cost factors can adversely affect the economics of a project. Drilling activities can result in dry wells or wells that are productive but do not produce sufficient net revenues after operating and other costs to cover initial drilling costs.

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Our future drilling activities may not be successful, nor can we be sure that our overall drilling success rate or our drilling success rate for activity within a particular area will not decline. Unsuccessful drilling activities could have a material adverse effect on our results of operations and financial condition. Also, we may not be able to obtain any options or lease rights in potential drilling locations that we identify. Although we have identified numerous potential drilling locations, we cannot be sure that we will ever drill them or that we will produce oil or natural gas from them or any other potential drilling locations.

Our business is subject to operating hazards that could result in substantial losses.

Oil and gas operations are subject to many risks, including well blowouts, craterings, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, pipeline ruptures or spills, pollution, releases of toxic gas and other environmental hazards and risks. If any of these hazards occurs, we could sustain substantial losses as a result of:

- injury or loss of life;
- severe damage to or destruction of property, natural resources and equipment;
- pollution or other environmental damage;
- clean-up responsibilities;
- regulatory investigations and penalties; and/or
- suspension of operations.

In addition, we may be liable for environmental damage caused by previous owners of property we own or lease. As a result, we may face substantial liabilities to third parties or governmental entities, which could reduce or eliminate funds available for exploration, development or acquisitions or cause us to incur losses. An event that is not fully covered by insurance could have a material adverse effect on our financial condition and results of operations.

We maintain insurance against some, but not all, of these potential risks and losses. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. If a significant accident or other event occurs and is not fully covered by insurance, it could adversely affect us.

Other independent oil and gas companies' limited access to capital may change our exploration and development plans.

Many independent oil and gas companies have limited access to the capital necessary to finance their activities. As a result, some of the other working interest owners of our wells may be unwilling or unable to pay their share of the costs of projects as they become due. These problems could cause us to change, suspend or terminate our drilling and development plans with respect to the affected project.

Hedging transactions may limit our potential gains and involve other risks.

To manage our exposure to price risks in the marketing of our oil and natural gas, we enter into commodity price risk management arrangements from time to time with respect to a portion of our current or future production.

While intended to reduce the effects of volatile oil and natural gas prices, these transactions may limit our potential gains if oil or natural gas prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose us to the risk of financial loss in certain circumstances, including instances in which:

- our production is less than expected;
- the counterparties to our futures contracts fail to perform under the contracts; or
- a sudden, unexpected event materially impacts oil or natural gas prices.

The terms of our hedging agreements may also require that we furnish cash collateral, letters of credit or other forms of performance assurance in the event that mark-to-market calculations result in settlement obligations by us to the counterparties, which would encumber our liquidity and capital resources.

Our industry is heavily regulated.

Federal, state and local authorities extensively regulate the oil and gas industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may affect, among other things, the pricing or marketing of oil and gas production. Noncompliance with statutes and regulations may lead to substantial penalties, and the overall regulatory burden on the industry increases the cost of doing business and, in turn, decreases profitability. State and local authorities regulate various aspects of oil and gas drilling and production activities, including the drilling of wells (through permit and bonding requirements), the spacing of wells, the unitization or pooling of oil and gas properties, environmental matters, safety standards, the sharing of markets, production limitations, plugging and abandonment, and restoration. Federal authorities regulate many of these same activities for our drilling and production operations in federal offshore waters. To cover the various obligations of leaseholders in federal waters, federal authorities generally require that leaseholders have substantial net worth or post bonds or other acceptable assurances that such obligations will be met. The cost of these bonds or other surety can be substantial, and we cannot assure you that we will be able to obtain bonds or other surety in all cases. Under some circumstances, federal authorities may require any of our operations on federal leases be suspended or terminated. Any such suspension or termination could materially adversely affect our financial condition and results of operations.

We must comply with complex environmental regulations.

Our operations are subject to complex and constantly changing environmental laws and regulations adopted by federal, state and local governmental authorities where we are engaged in exploration or production operations. New laws or regulations, or changes to current requirements, could have a material adverse effect on our business. We will continue to be subject to uncertainty associated with new regulatory interpretations and inconsistent interpretations between state and federal agencies. We could face significant liabilities to the government and third parties for discharges of oil, natural gas or other pollutants into the air, soil or water, and we could have to spend substantial amounts on investigations, litigation and remediation. We cannot be sure that existing environmental laws or regulations, as currently interpreted or enforced, or as they may be interpreted, enforced or altered in the future, will not materially adversely affect our results of operations and financial condition. As a result, we may face material indemnity claims with respect to properties we own or have owned.

Our business depends on transportation facilities owned by others.

The marketability of our oil and gas production depends in part on the availability, proximity and capacity of pipeline systems owned by third parties. The unavailability of or lack of available capacity on these systems and facilities could result in the shut-in of producing wells or the delay or discontinuance of development plans for properties. Although we have some contractual control over the transportation of our product, material changes in these business relationships could materially affect our operations. Federal and state regulation of oil and gas production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures, damage to or destruction of pipelines and general economic conditions could adversely affect our ability to produce, gather and transport oil and natural gas.

We depend on key personnel.

Our success will continue to depend on the continued services of our executive officers and a limited number of other senior management and technical personnel with extensive experience and expertise in evaluating and analyzing producing oil and gas properties and drilling prospects, maximizing production from oil and gas properties and marketing oil and gas production. Loss of the services of any of these people could have a material adverse effect on our operations. We currently do not have employment agreements with our executive officers other than Mark Hellerstein, our Chief Executive Officer. We do not carry any key person life insurance policies.

Ownership of working interests, royalty interests and other interests by some of our officers and a director may create conflicts of interest.

As a result of their prior employment with another company with which St. Mary engaged in a number of transactions, Ronald D. Boone, the Executive Vice President and Chief Operating Officer and a director of St. Mary, and two other vice presidents of St. Mary own working interests and royalty interests in many of St. Mary's properties, which were earned as part of the prior employer's employee benefit programs. Those persons have no royalty participation in any new St. Mary properties.

Mr. Boone also owns 50% of Princeton Resources Ltd. and has a 33% interest in Baron Oil Corporation, entities that manage the oil and gas working and royalty interests which he acquired as a result of his prior employment. Although Mr. Boone does not manage these corporations, he may participate in any investment decisions made by them.

In July 2000, St. Mary made an interest-free loan of $200,000 to Robert T. Hanley at the time he was appointed Vice President - Business Development of St. Mary. The loan was made to enable Mr. Hanley to purchase a residence in Denver, Colorado in connection with St. Mary's relocation of Mr. Hanley to Denver from Billings, Montana, where housing costs are substantially lower. Mr. Hanley was previously Chief Financial Officer of Nance Petroleum Corporation, a wholly owned subsidiary that St. Mary acquired in June 1999, which has its principal offices in Billings.

The loan is secured by a deed of trust on the residence that Mr. Hanley purchased in Denver. The loan is due and payable in full upon the earlier of thirty days after a termination of employment or July 15, 2005. However, in August 2002 Mr. Hanley informed St. Mary that he will repay the loan before it is otherwise due, upon the completion of pending refinancing for the residence.

As a result of these transactions and relationships, conflicts of interest may exist between these persons and us. Although these persons owe fiduciary duties to our stockholders and to us, we cannot assure you that conflicts of interest will always be resolved in our favor.

Risks Related to the Notes

We could incur substantial additional debt, which could negatively impact our financial condition, results of operations and business prospects and prevent us from fulfilling our obligations under the notes.

As of June 30, 2002, we had approximately $100 million in outstanding indebtedness, which reflects the $100 million incurred in connection with the issuance of the notes in March 2002. Our level of indebtedness could have important consequences on our operations, including:

- making it more difficult for us to satisfy our obligations under the notes or other debt and, if we fail to comply with the requirements of any of our debt, possibly resulting in an event of default;

- requiring us to dedicate a substantial portion of our cash flow from operations to required payments on debt, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;

- limiting our ability to obtain additional financing in the future for working capital, capital expenditures and other general business activities;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- detracting from our ability to withstand successfully a downturn in our business or the economy generally; and

- placing us at a competitive disadvantage against other less leveraged competitors.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the notes.

The indenture under which the notes have been issued does not limit our ability to incur additional debt. We may therefore incur additional debt, including secured indebtedness under our bank credit facility or otherwise, in order to make future acquisitions or to develop our properties. A higher level of indebtedness increases the risk that we may default on our debt obligations. We cannot assure you that we will be able to generate sufficient cash flow to pay the interest on our debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt.

In addition, our bank borrowing base is subject to periodic redeterminations. We could be forced to repay a portion of our bank borrowings due to redeterminations of our borrowing base. We cannot assure you that we will have sufficient funds to make such repayments. If we do not have sufficient funds and are otherwise unable to negotiate renewals of our borrowing or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results.

Our obligations to the banks under the bank credit facility are secured whereas the notes are unsecured.

Borrowings under our long-term revolving credit facility are secured by a pledge of collateral in favor of the banks and guarantees by St. Mary's subsidiaries. Such collateral consists primarily of security interests in the oil and gas properties of St. Mary and its subsidiaries and in the capital stock of St. Mary's subsidiaries. Accordingly, indebtedness to the banks under the facility is secured and senior to the notes, which are unsecured.

We may not have sufficient cash to repurchase the notes upon a change in control or at the option of the noteholders.

Upon the occurrence of certain change in control events and on the March 20, 2007, March 15, 2012 or March 15, 2017 repurchase dates, holders of the notes may require us to repurchase all or any part of their notes. We may not have sufficient funds at such time to make the required repurchases of the notes. Additionally, certain events that would constitute a "change in control" (as defined in the indenture) would constitute an event of default under our credit facility that would, if it should occur, permit the lenders to accelerate the debt outstanding under our credit facility and that, in turn, would cause an event of default under the indenture.

The source of funds for any required repurchase of the notes for cash will be our available cash or cash generated from oil and gas operations or other sources, including borrowings, sales of assets, sales of equity or funds provided by a new controlling entity. We cannot assure you, however, that sufficient funds would be available at such time to make any required cash repurchases of the notes tendered and to make any required payments of debt under our credit facility. Furthermore, using available cash to fund a required repurchase may impair our ability to obtain additional financing in the future. Any future credit agreements or other agreements relating to debt to which we may become a party will most likely contain similar restrictions and provisions.

You should consider the negative United States federal income tax consequences of owning the notes.

We and each holder agree in the indenture, for United States federal income tax purposes, to treat the notes as "contingent payment debt instruments" subject to the Treasury regulations that govern contingent payment debt instruments. As a result, a holder will be required to include amounts in income, as original issue discount, in advance of cash such holder receives on a note, and to accrue interest on a constant yield to maturity basis at a rate comparable to the rate at which we would borrow in a noncontingent, nonconvertible borrowing (10.00%), even though the notes will have a significantly lower yield to maturity. Therefore, a holder will recognize taxable income significantly in excess of cash received while the notes are outstanding. In addition, a holder will recognize ordinary income upon a sale, exchange, conversion or redemption of the notes at a gain. In computing such gain, the amount realized by a holder will include, in the case of a conversion, the amount of cash and the fair market value of shares of common stock received. Holders are urged to consult their own tax advisors as to the United States federal, state and other tax consequences of acquiring, owning and disposing of the notes and shares of common stock issued upon conversion of the notes. See "Certain United States Federal Income Tax Considerations."

An active trading market for the notes may not develop or be sustained, which could limit their market price or your ability to sell them for their inherent value.

The notes are a new issue of securities for which there currently is no active trading market. As a result, we cannot provide any assurances that an active trading market for the notes will develop or be sustained or that you will be able to sell your notes. The notes may trade at a discount from their initial issuance price. Future trading prices of the notes will depend on many factors, including prevailing interests rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects. Historically, the market for convertible debt has been subject to disruptions that have caused substantial fluctuations in the prices of the securities. Accordingly, you may be required to bear the financial risk of an investment in the notes for an indefinite period of time.

We do not intend to apply for listing or quotation of the notes. Although the notes issued in the initial private placement are eligible for trading in the PORTAL market, notes sold using this prospectus will no longer be eligible for trading in the PORTAL market. We have been informed by the initial purchasers of the notes that they intend to make a market in the notes. The initial purchasers are not obligated to do so, and they may cease their market-making at any time without notice. In addition, this market-making activity will be subject to the limitations imposed by the Securities Act of 1933 and the Securities Exchange Act of 1934 and may be limited during the effectiveness of a registration statement relating to the notes.

The price of our common stock and therefore the price of our notes may fluctuate significantly, which may result in losses for investors.

We expect the price of our notes to fluctuate with the price of our common stock. The market price of our common stock has been volatile. From January 1, 2001 to August 27, 2002, the last sale price of our common stock reported by the Nasdaq National Market ranged from a low of $14.79 per share to a high of $34.63 per share. We expect our stock to continue to be subject to fluctuations as a result of a variety of factors, including factors beyond our control. These include:

- changes in oil and natural gas prices;
- variations in quarterly drilling, recompletions, acquisitions and operating results;
- changes in financial estimates by securities analysts;
- changes in market valuations of comparable companies;
- additions or departures of key personnel; and
- future sales of common stock.

We may fail to meet expectations of our stockholders or of analysts at some time in the future, and our stock price and the price of our notes could decline as a result.

Risks Related to Our Common Stock

Our certificate of incorporation and bylaws have provisions that discourage corporate takeovers and could prevent stockholders from realizing a premium on their investment.

Provisions of our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control. Among other things, the certificate of incorporation does not provide for cumulative voting in the election of the board of directors and the bylaws impose procedural requirements on stockholders who wish to make nominations for the election of directors or propose other actions at stockholders' meetings. These provisions, alone or in combination with each other and with the shareholder rights plan described below, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to stockholders for their common stock.

On July 15, 1999, our board of directors adopted a shareholder rights plan. The plan is designed to enhance the board's ability to prevent an acquirer from depriving stockholders of the long-term value of their investment and to protect stockholders against attempts to acquire us by means of unfair or abusive takeover tactics. If the board of directors decides in accordance with its fiduciary obligations that the terms of a potential acquisition do not reflect the long-term value of St. Mary, under the plan the board of directors could allow the holder of each outstanding share of our common stock other than those held by the potential acquirer to purchase one additional share of our common stock with a market value of twice the exercise price. This prospective dilution to a potential acquirer would make the acquisition impracticable unless the terms were improved to the satisfaction of the board of directors. However, the existence of the plan may impede a takeover not supported by our board, including a takeover that may be desired by a majority of our stockholders or involving a premium over the prevailing stock price.

Our shares that are eligible for future sale may have an adverse effect on the price of our common stock.

At June 30, 2002, we had 27,857,141 shares of common stock outstanding. Of the shares outstanding, approximately 26,971,409 shares were freely tradeable without substantial restriction or the requirement of future registration under the Securities Act. In addition, as of that date, options to purchase 2,806,468 shares were outstanding, of which 1,427,241 were exercisable. These options are exercisable at prices ranging from $9.25 to $33.3125 per share. Sales of substantial amounts of common stock, or a perception that such sales could occur, and the existence of options or warrants to purchase shares of common stock at prices that may be below the then current market price of the common stock could adversely affect the market price of the common stock and could impair our ability to raise capital through the sale of our equity securities.

Our Chairman of the Board and his extended family may be able to control us.

Thomas E. Congdon, our Chairman of the Board, and members of his extended family currently own approximately 18% of the outstanding shares of our common stock. While no formal or informal arrangements exist, these family members may be inclined to act in concert with Mr. Congdon on matters related to control of St. Mary, including for example the election of directors or response to an unsolicited bid to acquire St. Mary. Accordingly, Mr. Congdon and his extended family may be able to control or influence matters presented to our stockholders.

We may not always pay dividends on our common stock.

Although we have paid cash dividends to stockholders every year since 1940 and we expect that our practice of paying dividends will continue, the payment of future dividends remains in the discretion of the board of directors and will continue to depend on our earnings, capital requirements, financial condition and other factors. In addition, the payment of dividends is subject to covenants in our bank credit facility, including the requirement that we maintain certain levels of stockholders' equity. The board of directors may determine in the future to reduce the current annual dividend rate of $0.10 per share or discontinue altogether the payment of dividends.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the notes and the underlying common stock offered by the selling securityholders under this prospectus. We will pay the costs for the registration of those securities, which we estimate to be approximately $60,000.

DIVIDEND POLICY

St. Mary has paid cash dividends to stockholders every year since 1940. Annual dividends of $0.10 per share were paid in each of the years 1998 through 2001. We expect that our practice of paying dividends on our common stock will continue, although the payment of future dividends will continue to depend on our earnings, capital requirements, financial condition and other factors. In addition, the payment of dividends is subject to covenants in our bank credit facility, including the requirement that we maintain certain levels of stockholders' equity. Dividends are currently paid on a semi-annual basis. Dividends paid totaled $1,391,000 in the first six months of 2002, $2,795,000 in 2001 and $2,775,000 in 2000.

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SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth summary consolidated financial and other data for St. Mary as of the dates and for the periods indicated. The financial data presented for each of the three years ended December 31, 2001 was derived from our audited consolidated financial statements. The financial data presented for the six month periods ended June 30, 2002 and 2001 was derived from our unaudited consolidated financial statements and in the opinion of management include all adjustments, consisting of normal recurring accruals, necessary to present fairly the data for such periods. You should read the following information in conjunction with the historical consolidated financial statements and the notes thereto incorporated by reference in this prospectus. See "Where You Can Find More Information." All share and per share amounts reflect the two-for-one stock split effected in the form of a stock dividend distributed in September 2000.

	Six Months Ended June 30,		Years Ended Dece	
	2002	2001	2001	2000
	(unaudited)			
	(In thousands, except per share data)			
Statement of Operations Data:				
Operating revenues:				
Oil and gas production.................	$87,290	$123,336	$203,973	$188,40
Other..................................	5,511	787	3,496	7,25
Total operating revenues.................	92,801	124,123	207,469	195,66
Operating expenses:				
Oil and gas production.................	25,561	25,493	55,000	38,46
Depletion, depreciation & amortization.......................	26,333	24,172	51,346	40,12
Exploration............................	11,213	10,511	19,518	9,63

Impairment of proved properties........	--	244	820	4,44
Abandonment and impairment of unproved properties.................	1,319	1,074	3,865	1,84
General and administrative............	6,156	7,557	11,762	11,16
Unrealized derivative loss (gain)......	(1,975)	--	1,573	-
Other.................................	3,706	379	1,673	1,43
Total operating expenses................	72,313	69,430	145,557	107,11
Income (loss) from operations............	20,488	54,693	61,912	88,55
Non-operating (expense) income.........	(1,190)(1)	300	376(1)	73
Income tax (expense) benefit.............	(6,391)	(20,366)	(21,829)	(33,66
Net income (loss).......................	$12,907 (2)	$ 34,627	$ 40,459(2)	$ 55,62
Basic net income (loss) per share........	$ 0.46 (3)	$ 1.23	$ 1.45(3)	$ 2.0
Diluted net income (loss) per share......	$ 0.46 (3)	$ 1.20	$ 1.42(3)	$ 1.9
Cash dividends per share.................	$ 0.05	$ 0.05	$ 0.10	$ 0.1
Basic weighted average common shares outstanding.....................	27,805	28,185	27,973	27,78
Diluted weighted average common shares outstanding.....................	28,347	28,826	28,555	28,27

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	Six Months Ended June 30,		Years Ended Dece	
	2002	2001	2001	2000
	(unaudited)	(In thousands, except per share data)		
Statement of Cash Flows Data:				
Net cash provided by (used in):				
Operating activities..................	$ 76,070	$ 72,874	$127,492	$ 92,26
Investing activities..................	(64,476)	(54,007)	(159,075)	(112,86
Financing activities..................	32,146	(19,241)	29,080	13,02
Other Financial Data:				
Capital and exploration expenditures(4)....................	$ 55,115	$ 68,501	$182,863	$125,18
EBITDA(5).............................	46,821	78,865	113,258	128,67
Cash flow(6)..........................	48,745	75,768	129,123	119,87

	As of June 30, 2002
	(unaudited) (In thousands)
Balance Sheet Data:	
Cash and cash equivalents.....................	$ 47,856
Working capital.............................	59,980
Total assets................................	490,797
Total long-term debt........................	99,554
Total stockholders' equity....................	295,625

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(1) Interest expense included in non-operating (expense) income for the six

months ended June 30, 2002 and the year ended December 31, 2001 was $1,470,000 and $90,000, respectively. Our unaudited pro forma interest expense for those periods, which gives effect to the issuance in March 2002 of $100 million total principal amount of our 5.75% senior convertible notes due 2022, the use of proceeds from the issuance of the notes to repay outstanding debt under our revolving credit facility, and the five-year fixed rate-to-floating rate interest swap entered into with respect to $50 million of the notes, would be $1,900,000 and $3,081,000, respectively. The floating interest rate under the swap for each applicable six-month period will be the London interbank offered rate plus 0.36%. For the initial six-month calculation period this rate was 2.69%.

(2) Our unaudited pro forma net income, which gives effect to the transactions discussed in footnote (1) above, would be $12,619,000 for the six months ended June 30, 2002 and $38,433,000 for the year ended December 31, 2001.

(3) Our unaudited pro forma basic and diluted net income per share, which gives effect to the transactions discussed in footnote (1) above, would be $0.45 and $0.45 for the six months ended June 30, 2002 and $1.37 and $1.35 for the year ended December 31, 2001.

(4) Capital and exploration expenditures includes all cash and noncash expenditures.

(5) EBITDA is defined as earnings before interest income and expense, income taxes, depreciation, depletion and amortization. EBITDA is a financial measure commonly used for our industry and provides additional information as to our ability to meet fixed charges. EBITDA should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity. Because EBITDA excludes some, but not all, items that affect net income and may vary among companies, the EBITDA presented above may not be comparable to similarly titled measures of other companies.

(6) Cash flow represents cash flow from operating activities prior to changes in operating assets and liabilities.

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Ratio of Earnings to Fixed Charges (unaudited)

The following table shows our unaudited ratio of earnings to fixed charges for the periods shown. The ratio of earnings to fixed charges has been computed by dividing earnings available for fixed charges (earnings from continuing operations before income taxes) by fixed charges (interest expense plus capitalized interest). Interest expense includes the portion of operating rental expense that we believe is representative of the interest component of rental expense.

Six Months Ended June 30,		Years Ended December 31,				
2002	2001	2001	2000	1999	1998	1997
11.3	144.4	69.4	86.1	0.6	(6.7)	27.6

Earnings in 1999 and 1998 were inadequate to cover fixed charges, with a deficiency of $0.6 million and $14.3 million, respectively. Our unaudited pro forma ratio of earnings to fixed charges, which gives effect to our use of proceeds from the issuance in March 2002 of $100 million total principal amount of our 5.75% Senior Convertible Notes due 2022 to repay outstanding debt under our revolving credit facility and a fixed-to-floating interest rate hedge entered into with respect to $50 million of the notes, would be 9.2 for the six months ended June 30, 2002 and 13.8 for the year ended December 31, 2001. The floating interest rate under the swap for each applicable six-month period will be the London interbank offered rate plus 0.36%. For the initial six-month calculation period this rate was 2.69%.

Summary Operating Data

The following table summarizes the average volumes of oil and gas produced from properties in which St. Mary held an interest during the periods indicated:

	Six Months Ended June 30,		Years Ended D	
	2002	2001	2001	200
Operating Data:				
Net production:				
Oil (MBbls)	1,378	1,203	2,434	2
Gas (MMcf)	19,173	19,650	39,491	38
MMCFE	27,440	26,868	54,093	52
Average net daily production:				
Oil (Bbls)	7,612	6,647	6,667	6
Gas (Mcf)	105,926	108,563	108,195	104
MCFE	151,600	148,445	148,199	144
Average sales price(1):				
Oil (per Bbl)	$ 24.35	$ 24.92	$ 23.29	$ 2
Gas (per Mcf)	$ 2.80	$ 4.75	$ 3.73	$
Additional per MCFE data:				
Lease operating expense	$ 0.68	$ 0.65	$ 0.75	$
Transportation costs	$ 0.06	$ 0.04	$ 0.04	$
Production taxes	$ 0.19	$ 0.26	$ 0.23	$
General and administrative	$ 0.22	$ 0.28	$ 0.22	$
Depreciation, depletion and amortization	$ 0.96	$ 0.90	$ 0.95	$

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(1) Includes the effects of our hedging activities.

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Summary Reserve Data

The following table sets forth summary information with respect to the estimates of our proved oil and gas reserves for each of the years in the three-year period ended December 31, 2001, as prepared by both Ryder Scott Company, independent petroleum engineers, and us. For the periods presented, Ryder Scott Company evaluated properties representing approximately 80% of our total PV-10 value while we evaluated the remainder. The PV-10 values shown in the following table are not intended to represent the current market value of the estimated proved oil and gas reserves owned by St. Mary. Neither prices nor costs have been escalated, but PV-10 values do include the effects of hedging contracts. You should read the following table along with the section entitled "Risk Factors -- Risks Related to Our Business -- Information concerning our reserves and future net revenue estimates is uncertain."

	As of December 31,		
	2001	2000	1999
Estimated Proved Reserves Data:			
Oil (MBbls)........................	23,669	20,950	18,900
Gas (MMcf).........................	241,231	225,975	207,642
MMCFE..............................	383,247	351,673	321,042
PV-10 value (in thousands)(1).......	$ 363,795	$1,153,663	$ 351,016
Proved Developed Reserves...........	86%	87%	84%
Production Replacement..............	166%	168%	541%
Reserve Life (years)(2)............	7.1	6.7	10.3

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(1) PV-10 value as of December 31, 2001 was calculated using prices in effect at December 31, 2001 of $19.84 per barrel of oil (NYMEX) and $2.65 per MMBtu of gas (Gulf Coast spot price). Both of these prices were then adjusted for transportation and basis differentials and hedging. These prices were 26% and 72% lower, respectively, than prices used to calculate PV-10 value as of December 31, 2000.

(2) Reserve life represents the estimated proved reserves at the dates indicated divided by actual production for the preceding 12-month period. The value as of December 31, 1999 reflects the acquisition of King Ranch Energy in December 1999.

DESCRIPTION OF CREDIT FACILITY

We have a long-term revolving credit facility with a bank group consisting of Bank of America, Comerica Bank-Texas and Wells Fargo Bank West. Under the facility, the maximum loan amount is $200 million. The amount actually available from time to time depends on a borrowing base that the lenders periodically redetermine based on the value of our oil and gas properties and other assets. The stated total possible borrowing base was $160 million at June 30, 2002. However, since we pay commitment fees based on the unused portion of the borrowing base we have limited the borrowing base which we have accepted to correspond with our actual funding requirements. The accepted borrowing base was $40 million at June 30, 2002. The facility has a maturity date of December 31, 2006 and includes a revolving period that matures on June 30, 2003, at which time all outstanding borrowings convert to a term loan payable in quarterly installments through the facility maturity date. We must comply with certain covenants including maintenance of stockholders' equity at a specified level and restrictions on additional indebtedness, sales of oil and gas properties, activities outside our ordinary course of business and certain merger transactions.

As of June 30, 2002, no balance was outstanding under this credit agreement. Outstanding balances accrue interest at rates determined by our debt to total capitalization ratio. In connection with the issuance of the notes in March 2002, the credit facility was amended to provide that, during the revolving period of the loan, loan balances will accrue interest at our option of either (1) the higher of the federal funds rate plus 1/2% or the prime rate, plus an additional 1/4% when our debt to total capitalization ratio is greater than 50%, or (2) the London interbank offered rate plus (a) 1% when our debt to total capitalization ratio is less than 30%, (b) 1 1/4% when our debt to

capitalization ratio is greater than or equal to 30% but less than 40%, (c) 1 3/8% when our debt to capitalization ratio is greater than or equal to 40% but less than 50%, or (d) 1 5/8% when our debt to capitalization ratio is greater than 50%. Our debt to total capitalization ratio as defined under the credit agreement was 25.2% as of June 30, 2002. The weighted average interest rate paid for 2001, including commitment fees paid on the unused portion of the borrowing base, was 5.9%. The weighted average interest rate paid for the first six months of 2002 on both the notes and borrowings under the facility was 4.2%, which reflects the fixed rate-to-floating rate interest swap entered into with respect to $50 million of the notes and commitment fees paid on the unused portion of the borrowing base under the facility.

We used a portion of the net proceeds from the issuance of notes in March 2002 to repay the $50 million in outstanding borrowings under the credit facility at that time. Amounts repaid under the revolving loan provision of the credit facility are available for reborrowing, subject to borrowing base limitations, until June 30, 2003.

Borrowings under the facility are secured by a pledge of collateral in favor of the banks and guarantees by St. Mary's subsidiaries. Such collateral consists primarily of security interests in the oil and gas properties of St. Mary and its subsidiaries and in the capital stock of St. Mary's subsidiaries. Accordingly, indebtedness to the banks under the facility is secured and senior to the notes, which are unsecured.

DESCRIPTION OF NOTES

We issued the notes under an indenture dated as of March 13, 2002 between us and Wells Fargo Bank West, N.A., as trustee. The following section summarizes some, but not all, provisions of the indenture and the registration rights agreement dated as of March 13, 2002 between us and Bear, Stearns & Co. Inc., Banc of America Securities LLC, RBC Dain Rauscher Inc., A.G. Edwards & Sons, Inc., McDonald Investments Inc. and Comerica Securities, Inc. We urge you to read the indenture and the registration rights agreement in their entirety because they, and not this description, define your rights as a holder of the notes. Copies of the forms of indenture and registration rights agreement are available to you upon request. In this section of the prospectus entitled "Description of Notes," when we refer to "St. Mary," "we," "our," or "us," we are referring to St. Mary Land & Exploration Company and not any of its current or future subsidiaries.

Brief Description of the Notes

The notes:

- are limited to $100 million principal amount;
- bear interest at a rate of 5.75% per year;
- will bear contingent interest in the circumstances described under "--Contingent Interest";
- are general unsecured obligations, ranking on a parity in right of payment with all our existing and future senior indebtedness and other general unsecured obligations, and senior in right of payment with all our future subordinated indebtedness;
- are convertible into our common stock at a conversion price of $26.00 per share, subject to adjustment as described below under "-- Conversion of Notes";
- are redeemable at our option in whole or in part beginning on March 20, 2007, at a repurchase price of 100% of their principal amount plus accrued and unpaid interest (including contingent

interest) payable in cash;

- are subject to repurchase by us at your option if a change in control occurs;

- are subject to repurchase by us at your option on March 20, 2007, March 15, 2012 and March 15, 2017, for a repurchase price of 100% of the principal amount of the notes plus accrued and unpaid interest (including contingent interest), which we may pay:

  - on March 20, 2007, in cash, in shares of our common stock, or in any combination of cash and shares of our common stock valued at a discount to the market price at the time of purchase; and

  - on March 15, 2012 and March 15, 2017, in cash only; and

- are due on March 15, 2022, unless earlier converted, redeemed by us at our option or repurchased by us at your option.

We are not restricted from paying dividends, incurring debt, or issuing or repurchasing our securities under the indenture. In addition, there are no financial covenants in the indenture. You are not protected under the indenture in the event of a highly leveraged transaction or a change in control of St. Mary, except to the extent described under "-- Repurchase of Notes at Your Option Upon a Change in Control."

Under the indenture, we agree, and by purchasing a beneficial interest in the notes each holder of the notes is deemed to have agreed, among other things, for United States federal income tax purposes, to treat the notes as indebtedness that is subject to the regulations governing contingent payment debt instruments, and, for purposes of those regulations, to treat the fair market value of any stock received upon any conversion of the notes as a contingent payment, and the discussion herein assumes that such treatment is correct. However, the characterization of instruments such as the notes and the application of such regulations is uncertain in several respects. See "Certain United States Federal Income Tax Considerations -- Classification of the Notes."

We will maintain an office in New York City where the notes may be presented for registration, transfer, exchange or conversion. This office is currently the office of the trustee.

Interest

The notes bear interest from March 13, 2002 at the annual rate of 5.75%. We will also pay contingent interest on the notes in the circumstances described below under "-- Contingent Interest." We will pay interest on the notes on March 15 and September 15 of each year, beginning September 15, 2002, subject to limited exceptions if the notes are redeemed, repurchased or converted prior to the interest payment date. The record dates for the payment of interest will be March 1 and September 1. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

We will pay interest (including contingent interest) in cash on:

- the global notes to Depository Trust Company, or DTC, by wire transfer of immediately available funds;

- any certificated notes having an aggregate principal amount of $2,000,000 or less either by check mailed to the holders of these notes or by wire transfer of immediately available funds; and

- any certificated notes having an aggregate principal amount of more than $2,000,000 by wire transfer of immediately available funds at the election of the holders of these notes.

References to interest include any additional interest payable under the circumstances described below under "-- Registration Rights."

Contingent Interest

In addition to the interest described above under "-- Interest," we will pay contingent interest, subject to the accrual and record date provisions described above, to the holders of notes during any six-month period from March

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15 to September 14 and from September 15 to March 14, as appropriate, commencing with the six-month period beginning September 15, 2002, if the average trading price, as described below, of the notes for the five trading days ending on the second trading day immediately preceding the beginning of the relevant six-month period equals 120% or more of the principal amount of the notes.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations per notes obtained by us for $10,000,000 principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select, provided that if at least three such bids cannot reasonably be obtained by us, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by us, this one bid shall be used. If we cannot reasonably obtain at least one bid for $10,000,000 principal amount of the notes from a nationally recognized securities dealer or if, in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes, then the trading price of the notes will equal (a) the then-applicable conversion rate of the notes multiplied by (b) the sale price of our common stock on such determination date.

The annual rate of contingent interest payable in respect of any six-month period will equal the greater of (i) cash dividends, if any, paid by us per share of our common stock during that period multiplied by the applicable conversion rate and expressed as a percentage of the par value of the notes; or (ii) a per annum rate equal to 5.0% of our estimated per annum borrowing rate for senior non-convertible fixed-rate indebtedness with a maturity date comparable to the notes, but in no event may the rate of contingent interest exceed a per annum rate of 0.50%, in each case based on the outstanding principal amount of the notes. Contingent interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Upon determination that holders of notes will be entitled to receive contingent interest during any relevant six-month period, on or prior to the start of the relevant six-month period, we will issue a press release and publish information with respect to any contingent interest on our website.

We will pay contingent interest, if any, in the same manner as we will pay interest described above under "-- Interest," and your obligations in respect of the payment of contingent interest in connection with the conversion of any notes will also be the same as described below under "-- Conversion of Notes."

Conversion of Notes

General Conversion Rights

You have the right, at your option, to convert your notes into shares of our common stock at any time prior to maturity, unless previously redeemed or purchased, at the conversion price of $26.00 per share, subject to the adjustments described below under the caption "-- Adjustments to the Conversion Price." You may convert the notes in denominations of $1,000 and multiples of $1,000.

Conversion Procedures

Except as described below, we will not make any payment or other adjustment for accrued and unpaid interest (including contingent interest) on the notes or dividends on any common stock issued upon conversion of the notes. If you submit your notes for conversion between a record date for an interest payment and the opening of business on the next interest payment date (except for notes or portions of notes called for redemption on a redemption date occurring during the period from the close of business on a record date and ending on the opening of business on the first business day after the next interest payment date, or if this interest payment date is not a business day, the second business day after the interest payment date), you must pay funds equal to the interest payable on the principal amount to be converted.

We will not issue fractional shares of common stock upon conversion of notes. Instead, we will pay a cash amount based upon the closing market price of the common stock on the last trading day prior to the date of conversion. If the notes are called for redemption or are subject to repurchase following a change in control or on specific dates, your conversion rights on the notes called for redemption or so subject to repurchase will expire at the close of business on

the second business day before the redemption date or repurchase date, as the case may be, unless we default in the payment of the redemption price or repurchase price. If you have submitted your notes for repurchase upon a change in control or on specific dates, you may only convert your notes if you withdraw your election in accordance with the indenture.

Adjustments to the Conversion Price

The conversion price will be adjusted upon the occurrence of:

(1) the issuance of shares of our common stock as a dividend or distribution on our common stock;

(2) the subdivision or combination of our outstanding common stock;

(3) the issuance to all or substantially all holders of our common stock of rights or warrants entitling them for a period of not more than 60 days to subscribe for or purchase our common stock, or securities convertible into our common stock, at a price per share or a conversion price per share less than the then current market price per share, provided that the conversion price will be readjusted to the extent that such rights or warrants are not exercised prior to the expiration;

(4) the distribution to all or substantially all holders of our common stock of shares of our capital stock, evidences of indebtedness or other non-cash assets or rights or warrants, excluding (x) dividends, distributions and rights or warrants referred to in clause (1) or (3) above and (y) dividends or distributions exclusively in cash

referred to in clause (5) below;

(5) the distribution to all or substantially all holders of our common stock of all-cash distributions in an aggregate amount that together with (x) any cash and the fair market value of any other consideration payable in respect of any tender offer by us or any of our subsidiaries for our common stock consummated within the preceding 12 months not triggering a conversion price adjustment and (y) all other all-cash distributions to all or substantially all holders of our common stock made within the preceding 12 months not triggering a conversion price adjustment exceeds an amount equal to 10% of our market capitalization on the business day immediately preceding the day on which we declare such distribution; and

(6) the purchase of our common stock pursuant to a tender offer made by us or any of our subsidiaries to the extent that the same involves aggregate consideration that together with (x) any cash and the fair market value of any other consideration payable in respect of any tender offer by us or any of our subsidiaries for our common stock consummated within the preceding 12 months not triggering a conversion price adjustment and (y) all-cash distributions to all or substantially all holders of our common stock made within the preceding 12 months not triggering a conversion price adjustment, exceeds an amount equal to 10% of our market capitalization on the expiration date of such tender offer.

In the event of:

- any reclassification of our common stock, or
- a consolidation, merger or combination involving St. Mary, or
- a sale or conveyance to another person of the property and assets of St. Mary as an entirety or substantially as an entirety,

in which holders of our outstanding common stock would be entitled to receive stock, other securities, other property, assets or cash for their common stock, holders of notes will generally be entitled to convert their notes into the same type of consideration received by common stock holders immediately prior to one of these types of events.

You may, in some circumstances, be deemed to have received a distribution or dividend subject to United States federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion price.

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We are permitted to reduce the conversion price of the notes by any amount for a period of at least 20 days if our board of directors determines that such reduction would be in the best interest of St. Mary. We are required to give at least 15 days' prior notice of any reduction in the conversion price. Any conversions prior to the effective time of any reduction by us of the conversion price will remain at the unreduced conversion price. We may also reduce the conversion price to avoid or diminish income tax to holders of our common stock in connection with a dividend or distribution of stock or similar event.

No adjustment in the conversion price will be required unless it would result in a change in the conversion price of at least one percent. Any adjustment not made will be taken into account in subsequent adjustments. Except as stated above, we will not adjust the conversion price for the issuance of our common stock or any securities convertible into or exchangeable for our common stock or the right to purchase our common stock or such convertible or exchangeable securities.

Optional Redemption by St. Mary

We may redeem the notes in whole or from time to time in part on or after March 20, 2007, on at least 20 days', and no more than 60 days', notice at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest (including contingent interest) to, but excluding, the redemption date. If the redemption date is an interest payment date, interest will be paid to the record holder on the relevant record date.

If fewer than all of the notes are to be redeemed, the trustee will select the notes to be redeemed on a pro rata basis. If any note is to be redeemed in part only, a new note in principal amount equal to the unredeemed principal portion will be issued. If a portion of your notes is selected for partial redemption and you convert a portion of your notes, the converted portion will be deemed to be of the portion selected for redemption.

No sinking fund is provided for the notes.

Repurchase of Notes at Your Option Upon a Change in Control

In the event of a change in control, you will have the right to require us to repurchase all or any part of your notes after the occurrence of a change in control at a repurchase price equal to 100% of their principal amount plus accrued and unpaid interest (including contingent interest) up to, but excluding, the repurchase date payable in cash. Notes submitted for repurchase must be in $1,000 or multiples of $1,000 principal amount.

We shall mail to the trustee and to each holder a written notice of the change in control within 10 business days after the occurrence of a change in control. This notice shall state among other things:

- the terms and conditions of the change in control;
- the change in control repurchase date;
- the procedures required for exercise of the change in control repurchase feature; and
- the holder's right to require St. Mary to repurchase the notes.

You must deliver written notice of your exercise of this repurchase right to a paying agent at any time prior to the close of business on the business day prior to the change in control repurchase date. The written notice must specify the notes for which the repurchase right is being exercised. If you wish to withdraw this election, you must provide a written notice of withdrawal to the paying agent at any time prior to the close of business on the business day prior to the change in control repurchase date.

A change in control will be deemed to have occurred if any of the following occurs:

- as a result of any transaction or series of transactions any "person" or "group" becomes the "beneficial owner," directly or indirectly, of shares of voting stock of St. Mary representing 50%

or more of the total voting power of all outstanding classes of voting stock of St. Mary or has the power, directly or indirectly, to elect a majority of the members of the board of directors of St. Mary;

- St. Mary consolidates with, or merges with or into, another person or St. Mary sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of the assets of St. Mary, or any person consolidates with, or merges with or into, St. Mary, in any such event other than pursuant to a transaction in which the persons that "beneficially owned," directly or indirectly, shares of voting stock of St. Mary immediately prior to such transaction "beneficially own," directly or indirectly, shares of voting stock of St. Mary, representing at least a majority of the total voting power of all outstanding classes of voting stock of the surviving or transferee person; or

- a liquidation or dissolution of St. Mary.

However, a change in control will not be deemed to have occurred if the last sale price of our common stock for any five trading days within (x) the period of ten consecutive trading days immediately after the later of the change in control or the public announcement of the change in control, in the case of a change in control resulting solely from a change in control under the first bullet point above, or (y) the period of ten consecutive trading days immediately preceding the change in control, in the case of a change in control under the second and third bullet points above, is at least equal to 105% of the conversion price in effect on such day. For purposes of this change in control definition:

- "person" or "group" have the meanings given to them for purposes of Sections 13(d) and 14(d) of the Exchange Act or any successor provisions, and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, or any successor provision;

- a "beneficial owner" will be determined in accordance with Rule 13d-3 under the Exchange Act, as in effect on the date of the indenture, except that the number of shares of voting stock of St. Mary will be deemed to include, in addition to all outstanding shares of voting stock of St. Mary and unissued shares deemed to be held by the "person" or "group" or other person with respect to which the change in control determination is being made, all unissued shares deemed to be held by all other persons;

- "beneficially owned" has a meaning correlative to that of beneficial owner;

- "unissued shares" means shares of voting stock not outstanding that are subject to options, warrants, rights to purchase or conversion privileges exercisable within 60 days of the date of determination of a change in control; and

- "voting stock" means any class or classes of capital stock pursuant to which the holders of capital stock under ordinary circumstances have the power to vote in the election of the board of directors, managers or trustees of any person or other persons performing similar functions irrespective of whether or not, at the time, capital stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency.

The term "all or substantially all" as used in the definition of change in control will likely be interpreted under applicable state law and will be dependent upon particular facts and circumstances. There may be a degree of uncertainty in interpreting this phrase. As a result, we cannot assure you how a court would interpret this phrase under applicable law if you elect to exercise your rights following the occurrence of a transaction which you believe constitutes a transfer of "all or substantially all" of our assets.

We will under the indenture:

- comply with the provisions of Rule 13e-4 and Rule 14e-1, if applicable, under the Exchange Act;
- file a Schedule TO or any successor or similar schedule if required under the Exchange Act; and

- otherwise comply with all federal and state securities laws in connection with any requirement by us to repurchase the notes upon a change in control.

This change in control repurchase feature may make more difficult or discourage a takeover of St. Mary and the removal of incumbent management. However, we are not aware of any specific effort to accumulate shares of our common stock or to obtain control of us by means of a merger, tender offer, solicitation or otherwise. In addition, the change in control repurchase feature is not part of a plan by management to adopt a series of anti-takeover provisions. Instead, the change in control repurchase feature is a result of negotiations between us and the initial purchasers.

We could, in the future, enter into certain transactions, including recapitalizations, that would not constitute a change in control but would increase the amount of debt outstanding or otherwise adversely affect a holder. Neither we nor our subsidiaries are prohibited from incurring debt under the indenture. The incurrence of significant amounts of additional debt could adversely affect our ability to service our debt, including the notes.

If a change in control were to occur, we may not have sufficient funds to pay the change in control repurchase price for the notes tendered by holders. In addition, we may in the future incur debt that has similar change in control provisions that permit holders of this debt to accelerate or require us to repurchase this debt upon the occurrence of events similar to a change in control. Our failure to repurchase the notes upon a change in control will result in an event of default under the indenture.

Repurchase of Notes at Your Option on Specific Dates

You will have the right to require us to repurchase the notes on March 20, 2007, March 15, 2012 and March 15, 2017. We will be required to repurchase any outstanding note for which you deliver a written repurchase notice to the paying agent. This notice must be delivered during the period beginning at any time from the opening of business on the date that is 20 business days prior to the repurchase date until the close of business on the repurchase date. If the repurchase notice is given and withdrawn during the period, we will not be obligated to repurchase the related notes. Our repurchase obligation will be subject to certain additional conditions. Also, our ability to satisfy our repurchase obligations may be affected by the factors described in "Risk Factors" under the caption "We may not have sufficient cash to repurchase the notes upon a change in control or at the option of the noteholders."

The repurchase price payable will be equal to 100% of the principal amount plus accrued and unpaid interest (including contingent interest) through the repurchase date.

On March 15, 2012 and March 15, 2017, we must pay the repurchase price in cash.

On March 20, 2007, we may, at our option, elect to pay the repurchase price in cash, in shares of our common stock valued at a discount to the market price at the time of repurchase, or in any combination thereof. For a discussion of the tax treatment of a holder receiving cash, shares of common stock or any combination thereof, see "Certain United States Federal Income Tax Considerations -- Sale, Exchange, Conversion or Redemption."

We will be required to give notice on a date not less than 20 business days prior to each repurchase date to all holders by issuing a press release for publication on the PR Newswire or an equivalent newswire service, and with a prompt notice by mail to the holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things:

- whether we will pay the repurchase price of the notes in cash, in shares of our common stock, or in any combination thereof, specifying the percentages of each;

- if we elect to pay in shares of our common stock, the method of calculating the market price of the common stock; and

- the procedures that holders must follow to require us to repurchase their notes.

Your notice electing to require us to repurchase your notes must state:

- if certificated notes have been issued, the note certificate numbers, or if not certificated, your notice must comply with appropriate DTC procedures;

- the portion of the principal amount at maturity of notes to be repurchased, in multiples of $1,000;

- that the notes are to be repurchased by us pursuant to the applicable provisions of the indenture; and

- in the event we elect, pursuant to the notice that we are required to give, to pay the repurchase price in shares of common stock, in whole or in part, but the repurchase price is ultimately to be paid to the holder entirely in cash because any of the conditions to payment of the repurchase price or portion of the repurchase price in shares of common stock is not satisfied prior to the close of business on the repurchase date, as described below, whether the holder elects (x) to withdraw the repurchase notice as to some or all of the notes to which it relates, or (y) to receive cash in respect of the entire repurchase price for all notes or portions of notes subject to such repurchase notice.

If the holder fails to indicate the holder's choice with respect to the election described in the final bullet point above, the holder will be deemed to have elected to receive cash in respect of the entire repurchase price for all notes subject to the repurchase notice in these circumstances. For a discussion of the tax treatment of a holder receiving cash instead of shares of common stock, see "Certain United States Federal Income Tax Considerations -- Sale, Exchange, Conversion or Redemption."

You may withdraw any repurchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the repurchase date. The notice of withdrawal must state:

- the principal amount at maturity of the withdrawn notes;
- if certificated notes have been issued, the certificate numbers of the withdrawn notes, or, if not certificated, your notice must comply with appropriate DTC procedures; and
- the principal amount at maturity, if any, which remains subject to the repurchase notice.

If we elect to pay the repurchase price, in whole or in part, in shares of common stock, the number of shares to be delivered by us will be equal to the portion of the repurchase price to be paid in common stock divided by (i) 95% of the market price of one share of common stock as determined by us in our repurchase notice if we elect to pay 33% or less of the repurchase price in shares of our common stock or (ii) 93% of the market price of one share of common stock as determined by us in our repurchase notice if we elect to pay more than 33% of the repurchase price in shares of our common stock. We will pay cash based on the market price for all fractional shares in the event we elect to deliver shares of common stock in payment, in whole or in part, of the repurchase price. If we elect to pay the repurchase price, in whole or in part, in shares of common stock, each holder will receive the same proportion of shares of common stock and cash for all notes repurchased.

The "market price" means the average of the sale prices of the common stock for the fifteen-trading-day period ending on the third business day prior to the applicable repurchase date (if the third business day prior to the applicable repurchase date is a trading day, or, if not, then on the last trading day prior to), appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such fifteen-trading-day period and ending on such repurchase date, of certain events that would result in an adjustment of the conversion rate with respect to the common stock.

The "sale price" of the common stock on any date means the closing sale price per share of common stock (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on

which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the Nasdaq System.

Because the market price of the common stock is determined prior to the applicable repurchase date, holders of notes bear the market risk with respect to the value of the common stock to be received from the date such market price is determined to such repurchase date. We may pay the repurchase price or any portion of the repurchase price in shares of common stock only if the information necessary to calculate the market price is published in a daily newspaper of national circulation.

Upon determination of the actual number of shares of common stock in accordance with the foregoing provisions, we will publish such information on our website or through such other public medium as we may use at that time.

Our right to repurchase notes, in whole or in part, with shares of common stock is subject to our satisfying various conditions, including:

- the registration of the shares of common stock under the Securities Act and the Exchange Act, if required; and
- any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If such conditions are not satisfied with respect to a holder prior to the close of business on the repurchase date, we will pay the repurchase price of the notes of the holder entirely in cash. We may not change the form or components or percentages of components of consideration to be paid for the notes once we have given the notice that we are required to give to holders of notes, except as described in the first sentence of this paragraph.

Our ability to repurchase notes with cash may be limited by the terms of our then-existing borrowing agreements. The indenture will prohibit us from repurchasing notes for cash in connection with the holders' repurchase right if any event of default under the indenture has occurred and is continuing, except a default in the payment of the repurchase price with respect to the notes.

A holder must either effect book-entry transfer or deliver the note, together with necessary endorsements, to the office of the paying agent after delivery of the repurchase notice to receive payment of the repurchase price. You will receive payment in cash on the repurchase date or the time of book-entry transfer or the delivery of the note. If the paying agent holds money or securities sufficient to pay the repurchase price of the note on the business day following the repurchase date, then:

- the note will cease to be outstanding;
- interest will cease to accrue; and