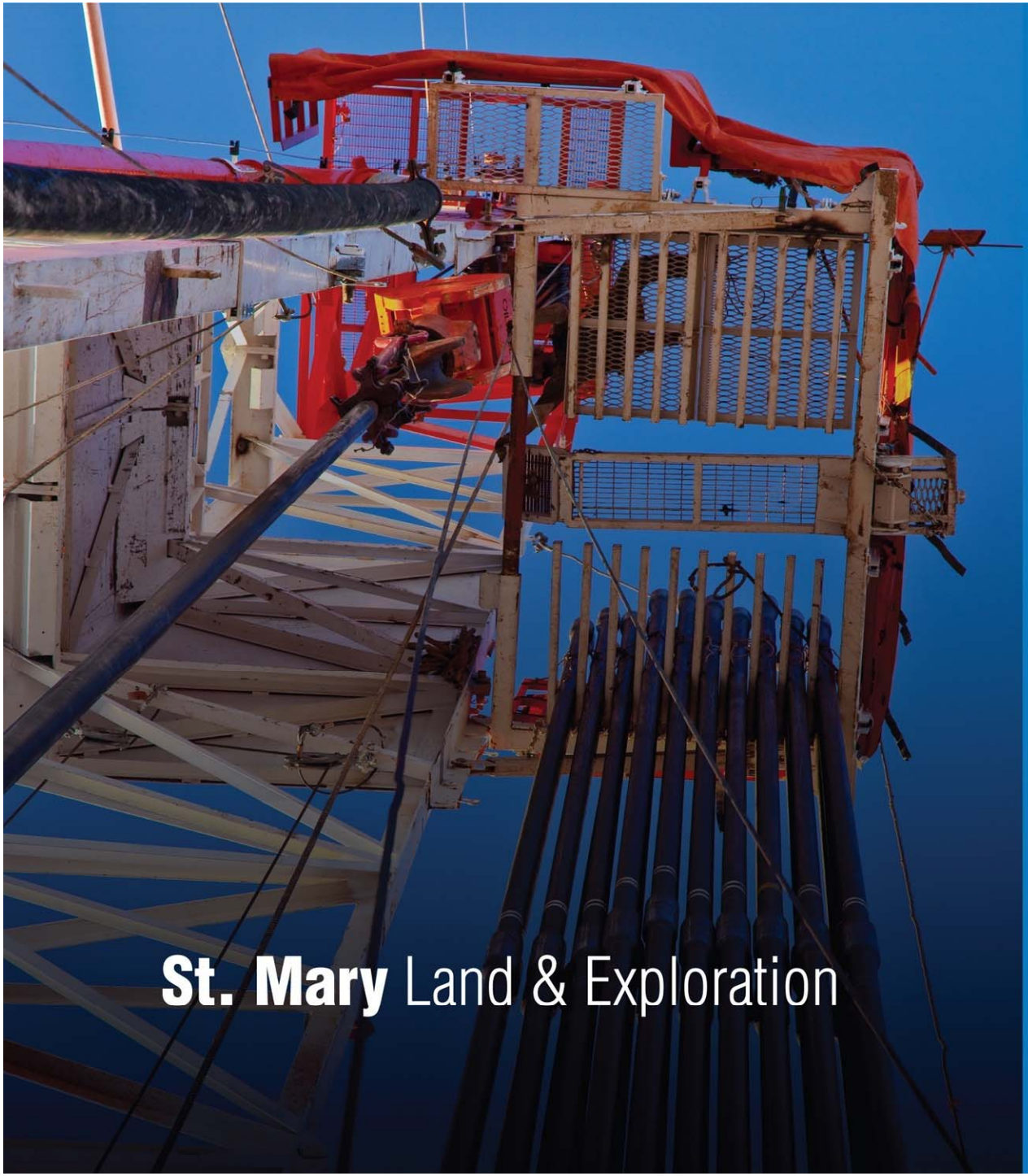


St. Mary Land & Exploration

IPAA
OGIS East

New York
April 13, 2010

Tony Best
President and CEO

Cautionary Language

Except for historical information contained herein, statements in this presentation, including information regarding the business of the Company, may be "forward looking statements" within the meaning of the federal securities laws. Forward looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to differ materially from results expressed or implied by the forward looking statements. These risks are described in the "Risk Factors" section of the Company's 2009 Annual Report on Form 10-K. Such factors include the volatility and level of oil and natural gas prices, a contraction in demand for oil and natural gas as a result of adverse general economic conditions, the availability of economically attractive exploration and development and property acquisition opportunities and any necessary financing, the uncertain nature of the expected benefits from acquisitions and divestitures of oil and natural gas properties, the pending nature of reported divestiture plans for certain non-core oil and gas properties as well as the ability to complete divestiture transactions and the uncertain nature of the amount of proceeds that may be received for divestitures, lower prices realized on oil and gas sales resulting from our commodity price risk management activities, unsuccessful exploration and development drilling, the imprecise nature of estimating oil and gas reserves, uncertainties inherent in projecting future rates of production from drilling activities and acquisitions, drilling and operating service availability, uncertainties in cash flow, the financial strength of hedge contract counterparties, the ability of banks in our lending facility to fund requested borrowings, the ability of purchasers of production to pay for amounts purchased, the negative impact that lower oil and natural gas prices could have on the value of our properties and our ability to borrow, litigation, environmental matters, and the potential impact of government regulations.

Proved reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations – prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. In this presentation, the Company uses the terms "probable," "possible," "3P," and "resources." Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations (subject to other conditions). Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. St. Mary also uses the term "EUR" (estimated ultimate recovery), which is the sum of reserves remaining as of a given date and cumulative production as of that date. Estimates of probable and possible reserves included in 3P reserves and resources which may potentially be recoverable through additional drilling or recovery techniques are by their nature more uncertain than estimates of proved reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company.

Key Messages

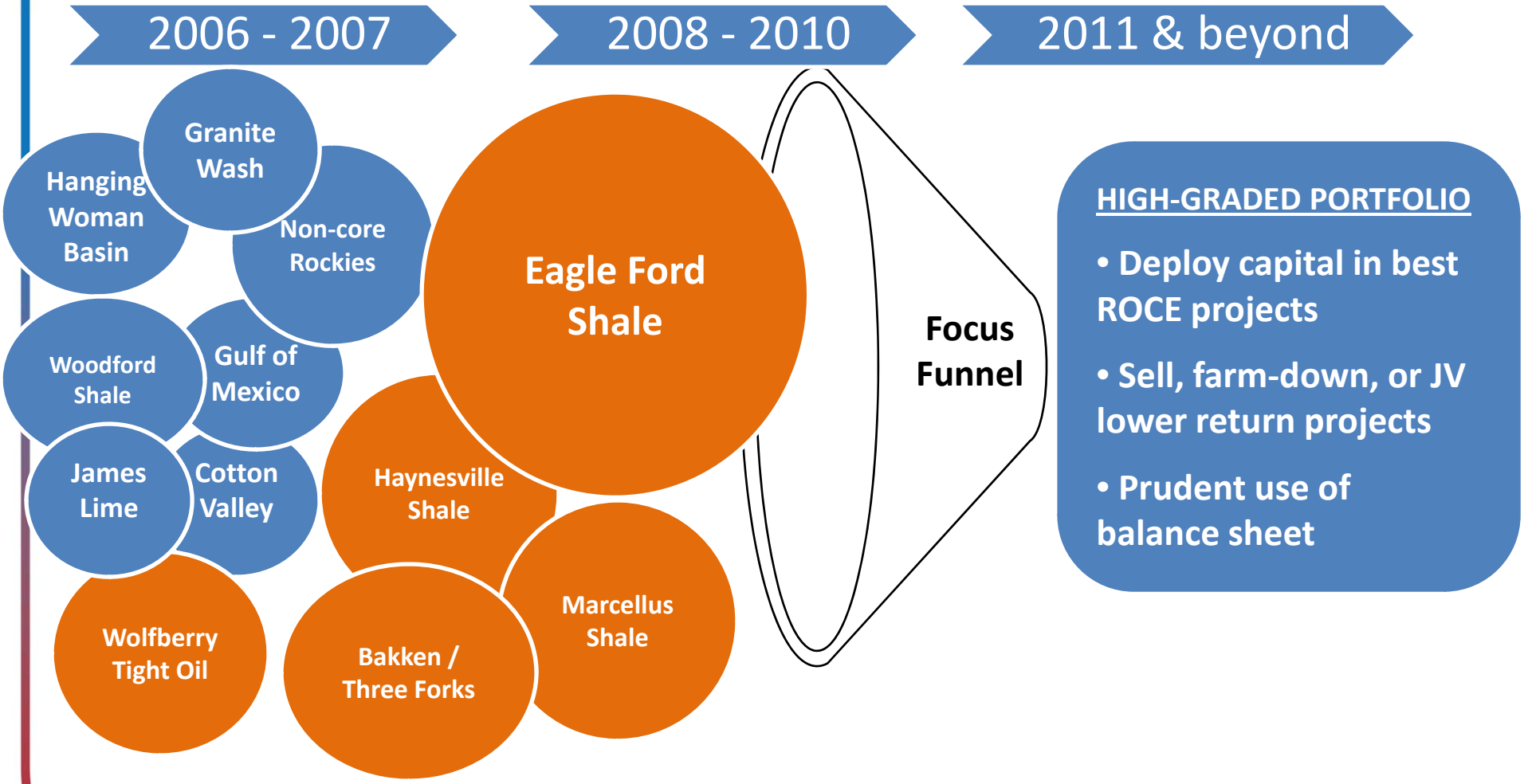
➢ St. Mary transformation is on track

- ❑ Portfolio has been refocused on resource plays (Eagle Ford, Marcellus, and Haynesville)
- ❑ Fully staffed technical teams for each major play
- ❑ Significant non-core assets have been divested

➢ Positioning the Company for growth ***and*** solid returns

- ❑ A portfolio of quality projects allows for opportunities to high grade, farm down, and joint venture
- ❑ Liquid-rich project inventory provides flexibility in allocating capital
- ❑ Strong balance sheet to fund growth
- ❑ Management focus on balancing growth and returns to create value for long-term shareholders

Focusing the Portfolio



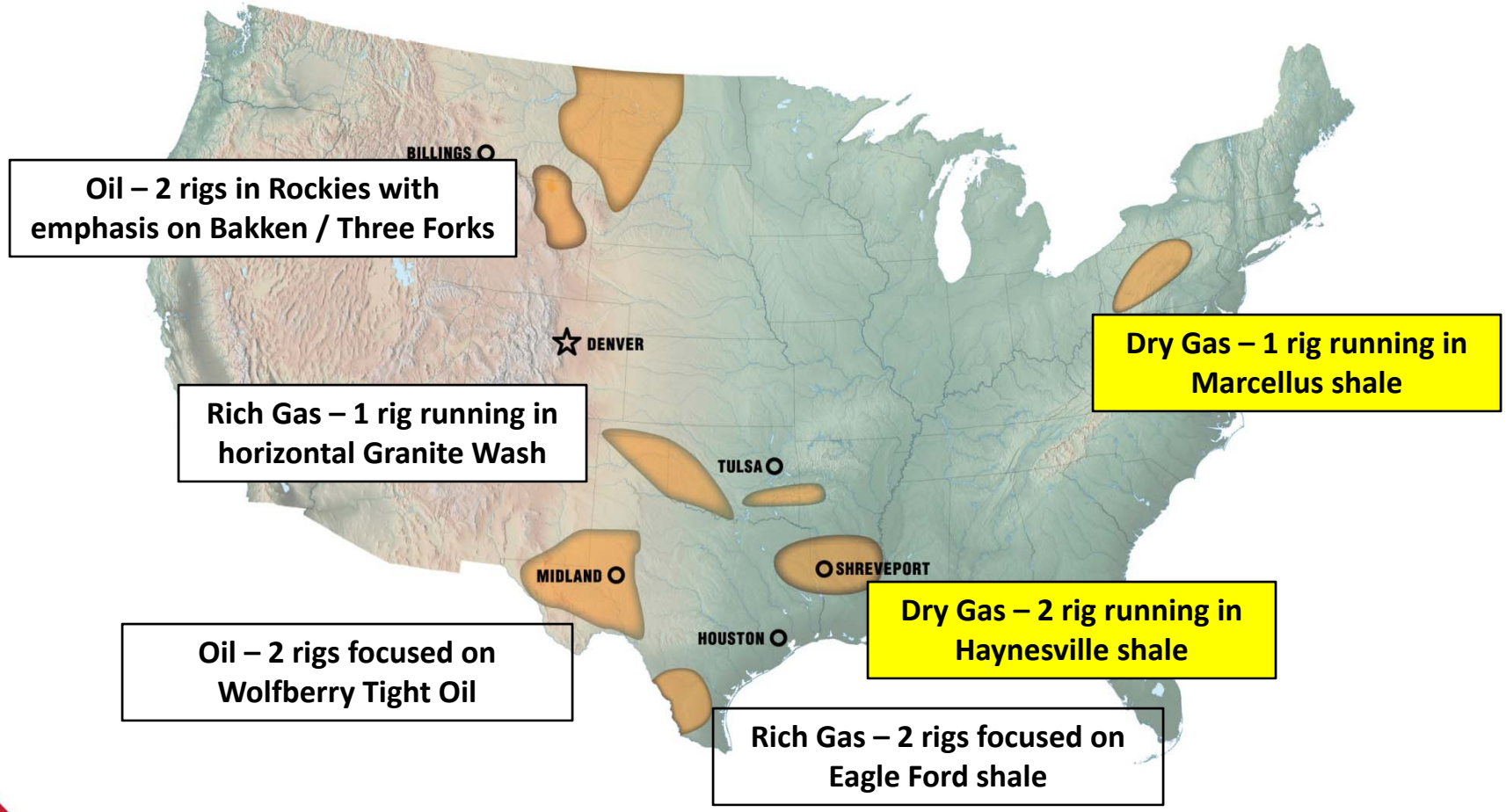
HIGH-GRADED PORTFOLIO

- Deploy capital in best ROCE projects
- Sell, farm-down, or JV lower return projects
- Prudent use of balance sheet

1. Manage existing inventory
2. Build prospective inventory & test
3. Monetize non-core assets
4. High-grade projects to generate growth *and* returns

Current Activity

- **70% of operating rigs are focused on oil or rich gas**
  - Currently operating 10 rigs company-wide, with 7 of those focused on liquids



Capital Investment Budget

- The 2010 capital budget remains at $725 million
  - Over 70% of 2010 drilling program is focused on oil or liquids
  - Assumed $5.00/Mcf gas for project economics; results in little change to planned levels of activity
  - Focus is to develop liquid rich projects and test/retain strategic acreage

	($ in millions)
Exploration & drilling capital	
Eagle Ford shale	**$216**
Haynesville shale	**89**
Permian oil	**89**
Bakken/TFS	**80**
Other (incl Marcellus, Granite Wash & Woodford shale)	**87**
Subtotal	**$561**
Non-drilling capital	
Land & Seismic, facilities & overhead	**$164**
TOTAL	**$725**

Oil or rich gas projects

St. Mary will re-allocate capital when appropriate and defer discretionary natural gas projects when possible

Eagle Ford Shale

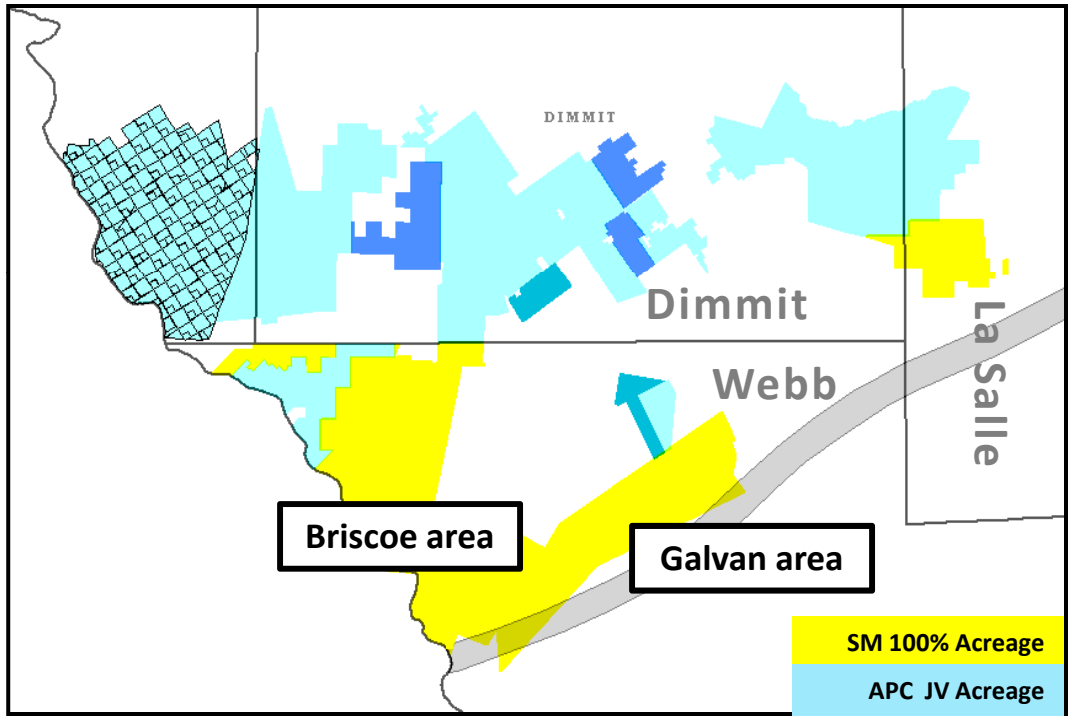
St. Mary has 250,000 net acres in the play between Company operated areas and APC joint venture

SM Operated Acreage

- ~168,000 net acres
- Largely 100% working interest
- Two (2) operated drilling rigs running in play currently
- Total of 34 gross wells planned for 2010

Anadarko (APC) Joint Venture

- ~82,500 net acres
- Generally 25% working interest
- Four (4) rigs currently running
- SM is participating in infrastructure build out

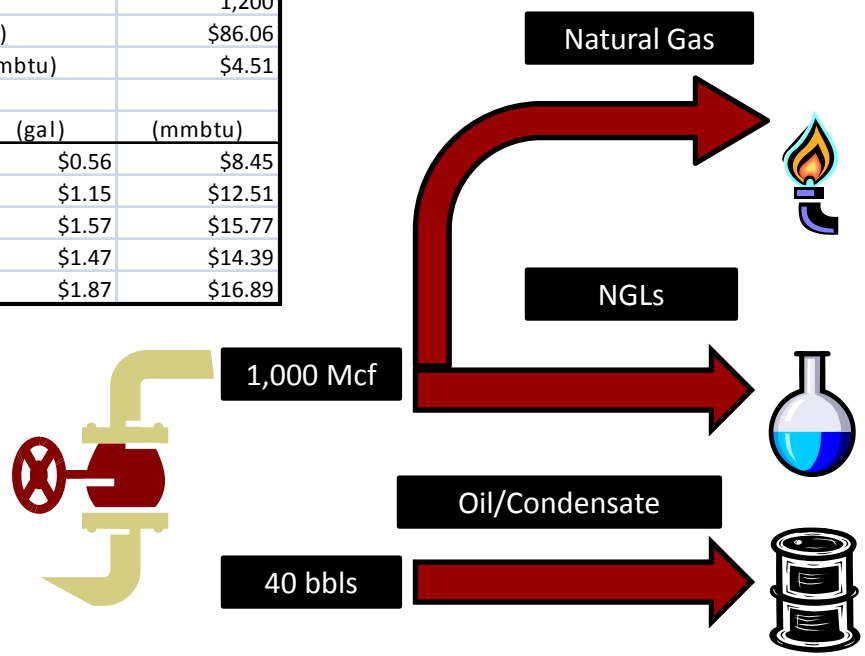


SM currently estimates that only 10% of its acreage is in the dry gas window

High Value Production Stream

Assumptions		
Btu/SCF		~1,200
Nymex Oil (bbl)		$86.06
Nymex Gas (mmbtu)		$4.51
NGLs	(gal)	(mmbtu)
Ethane	$0.56	$8.45
Propane	$1.15	$12.51
I. Butane	$1.57	$15.77
N. Butane	$1.47	$14.39
Pentane+	$1.87	$16.89

Source: KIODEX



mmbtu	842	
price	$4.46	
		$3,755
mmbtu	315	
price*	$10.86	
		$3,421
* net of tranportation and fractionation		
bbls	40	
price/bbl	$78.06	
		$3,122
Total sales		$10,299
less: gathering, compression & processing expense		$817
Net sales		$9,482
Per MCFE sales price		**$7.65**

The higher Btu gas produced in the central and northern portions of St. Mary's acreage allow for higher price realizations and strong returns

Eagle Ford Potential

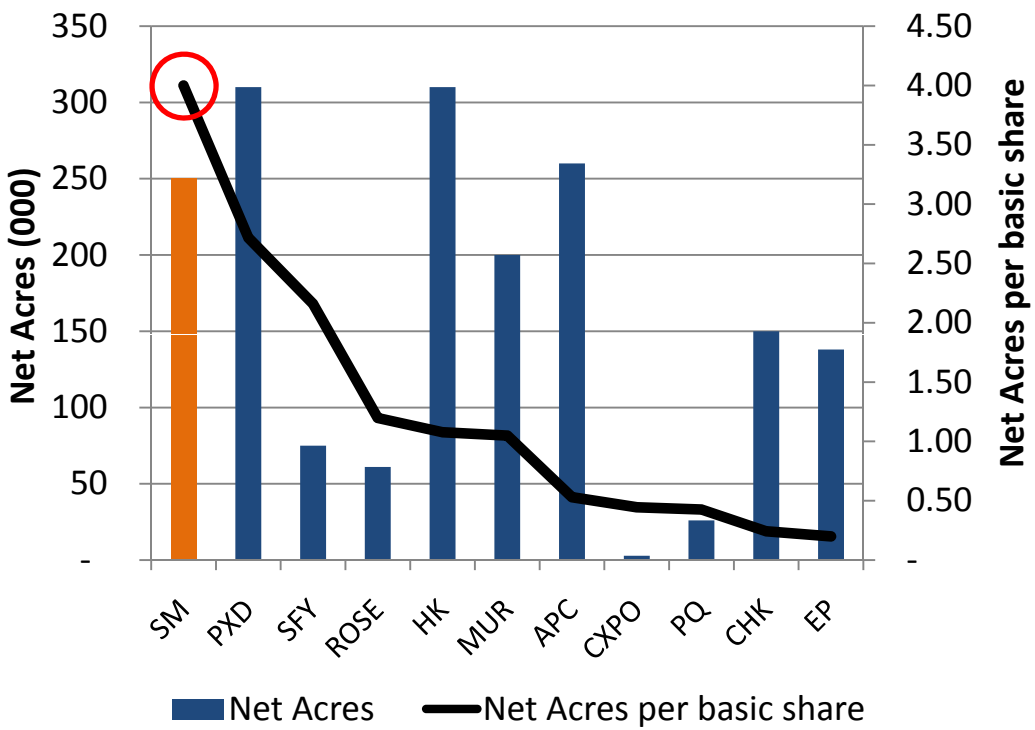
The Eagle Ford has the potential to dramatically increase proved reserves for St. Mary in 2010 and beyond

				PUDs per producing well			
Planned 2010 operated drill wells	34			2	3	4	5
Assumed # of PUDs per producing well	2	Net reserves per well	1.75	119	179	238	298
Potential number of PUD offsets booked in 2010	68		2.00	136	204	272	340
Assumed net proved reserve estimate per PUD (BCFE/location)	1.75		2.25	153	230	306	383
Potential PUD reserve adds (BCFE)	119		2.50	170	255	340	425

While the above information is illustrative only, consider the following:

- If reliable technology establishes reasonable certainty, PUD offsets per producing well should move up over time
- St. Mary believes its current PUD booking level is appropriate given the amount of data (number of wells, production history, etc.) available

Exposure to the Eagle Ford

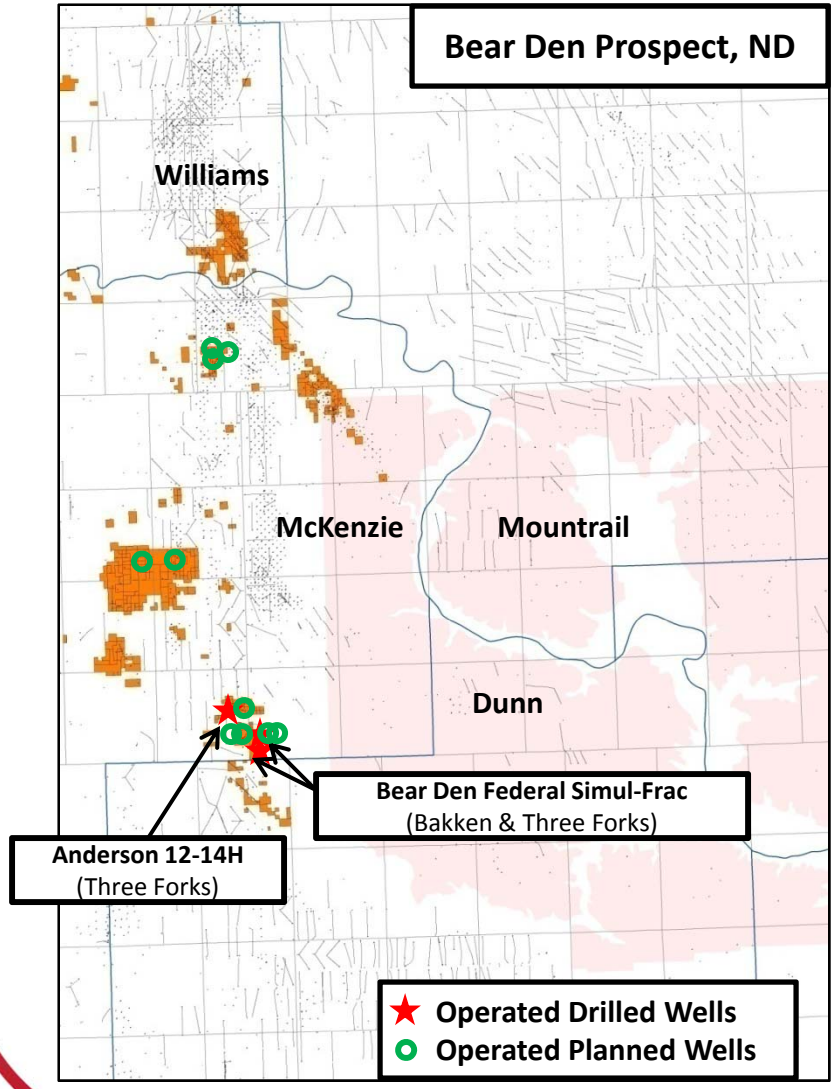


Ticker	Net Acres	Net Acres per basic share
SM	**250,000**	**4.00**
PXD	310,000	2.72
SFY	75,000	2.16
ROSE	61,000	1.20
HK	310,000	1.08
MUR	200,000	1.05
APC	260,000	0.53
CXPO	2,800	0.44
PQ	26,000	0.43
CHK	150,000	0.24
EP	138,000	0.20

Source: RBC Capital Markets

St. Mary has more exposure to the Eagle Ford shale than any other public company on a per share basis

Bakken / Three Forks

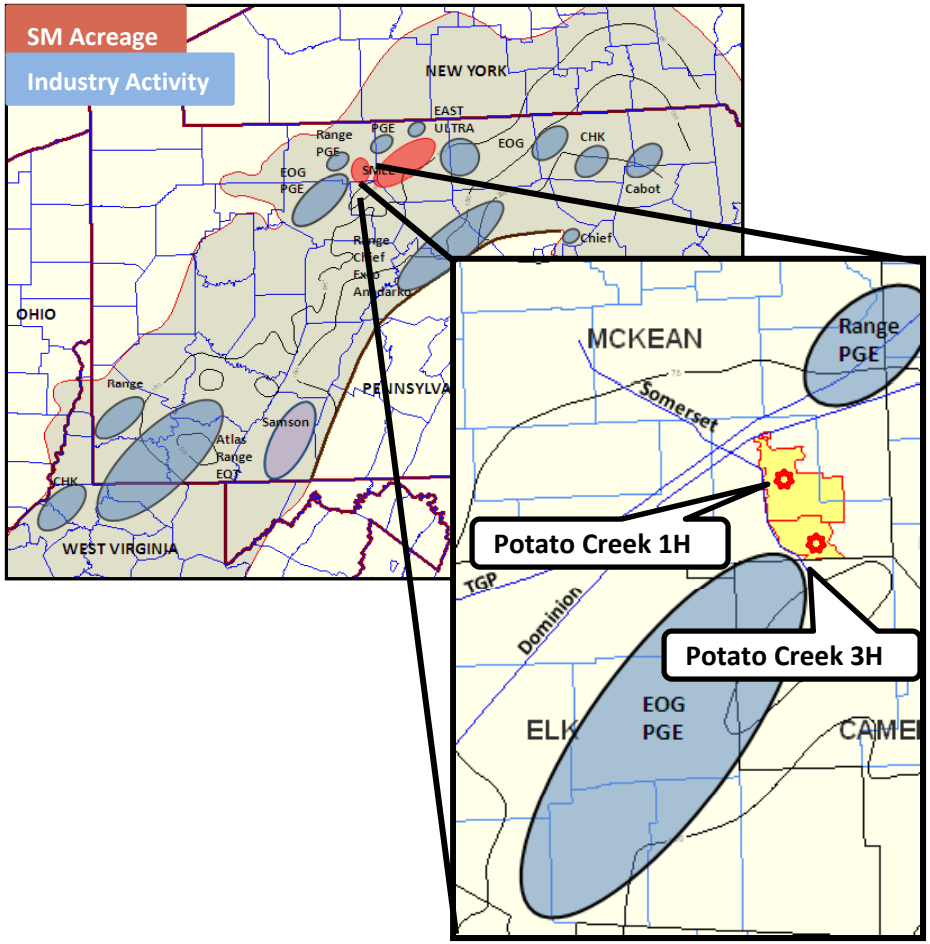


- Positive recent results in the operated program:
  - Bear Den Federal 4Y-30H & 4Z-30H (Bakken & Three Forks simul-frac)
  - Anderson 12-14H (Three Forks)
- Two (2) rigs planned for remainder of 2010
- Seventeen (17) operated completions planned for the year

St. Mary has 71,000 net acres leased that is prospective for the Bakken/ Three Forks in North Dakota

- ✓ 48,000 net acres in McKenzie & Williams Counties
- ✓ 21,000 net acres in Divide County

Marcellus Shale

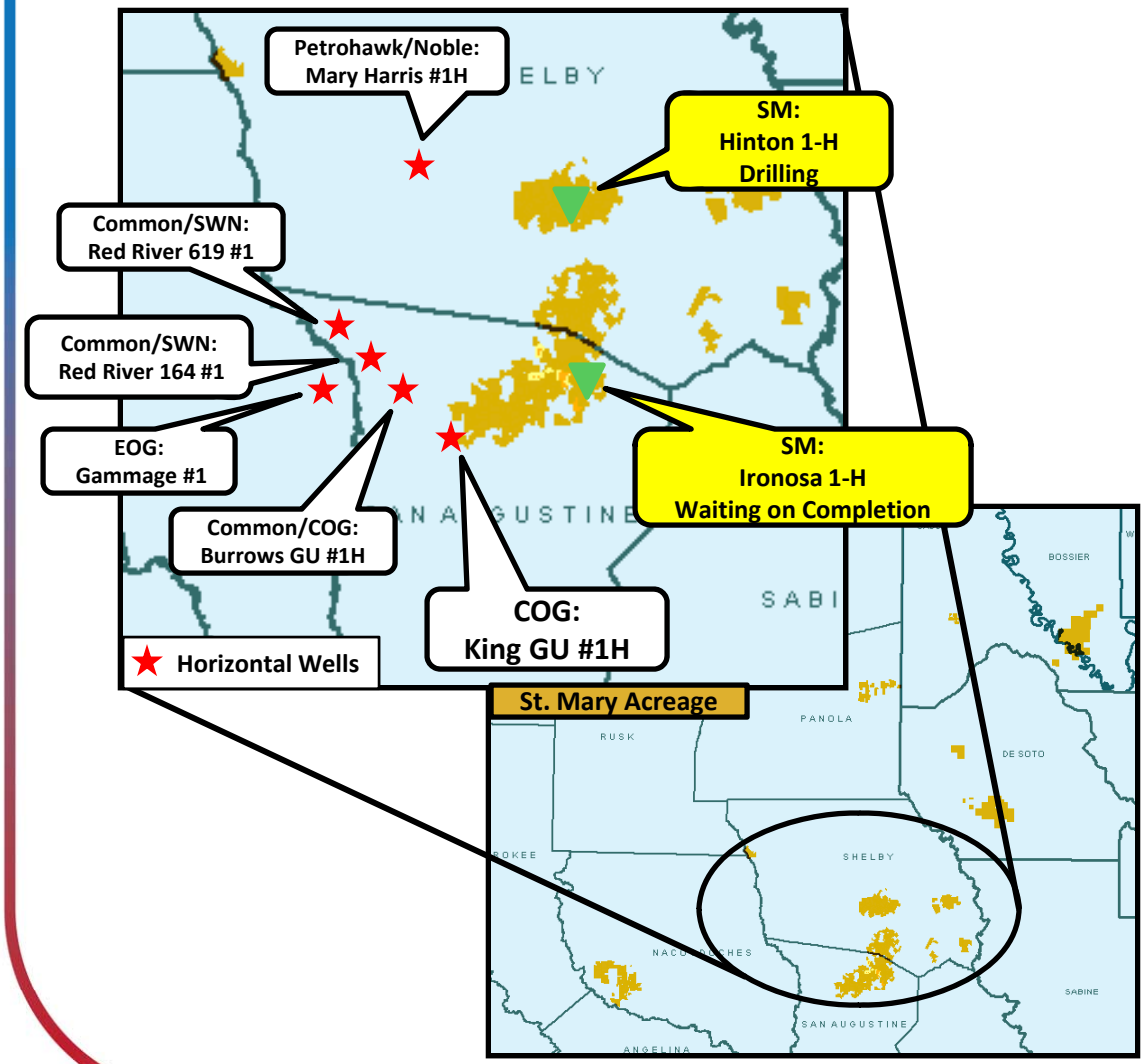


- St. Mary expects IPs in 3-5 MMCFED range
- Construction of gathering line to connect 1st well is complete; construction to 2nd well to be finished by mid-year
- Four (4) horizontal wells planned for 2010; 2 in McKean County and 2 in Potter County

St. Mary has roughly 42,000 net acres leased & optioned in the Marcellus

- ✓ 17,000 net in McKean County
- ✓ 25,000 net in Potter County

Haynesville Shale



- Have received 3-D seismic over Shelby and San Augustine Counties and are working the data
- First SM operated horizontal in East Texas is drilled and awaiting completion; drilling second well
- Seven (7) horizontal wells planned for the Haynesville in 2010 preserve acreage
- Nearby well results from offsetting peers are promising

St. Mary has 41,000 net acres leased & optioned in the Haynesville Shale

✓ 31,000 net in Shelby & San Augustine counties in E. TX

Other Activity

Permian Basin

- Currently operating two rigs in the basin with a focus on the Wolfberry tight oil program

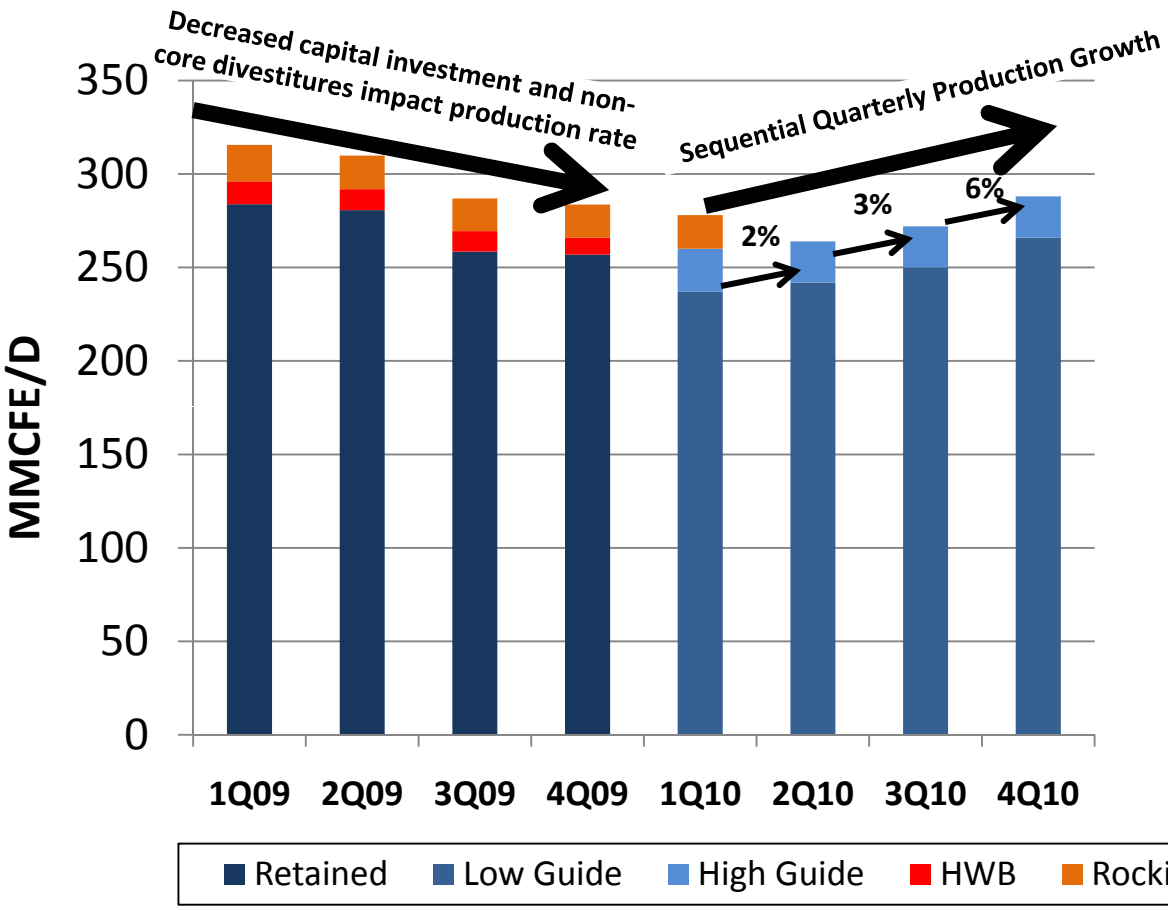
Horizontal Granite Wash

- Completing first operated Granite Wash well in Mayfield area
- SM has 32,000 net acres with horizontal Granite Wash potential

Niobrara

- Drilling initial test well
- SM has 24,000 net acres in the play in northern DJ Basin

Production Outlook

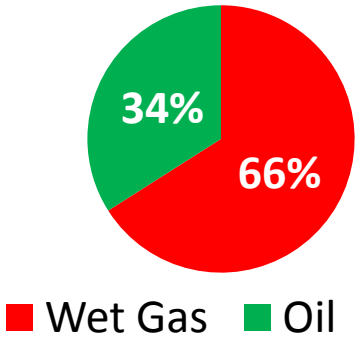


- Pro forma production growth of 11% from 4Q09 to 4Q10
- Maintaining 1Q10 production guidance despite early closing on Rockies divestiture package

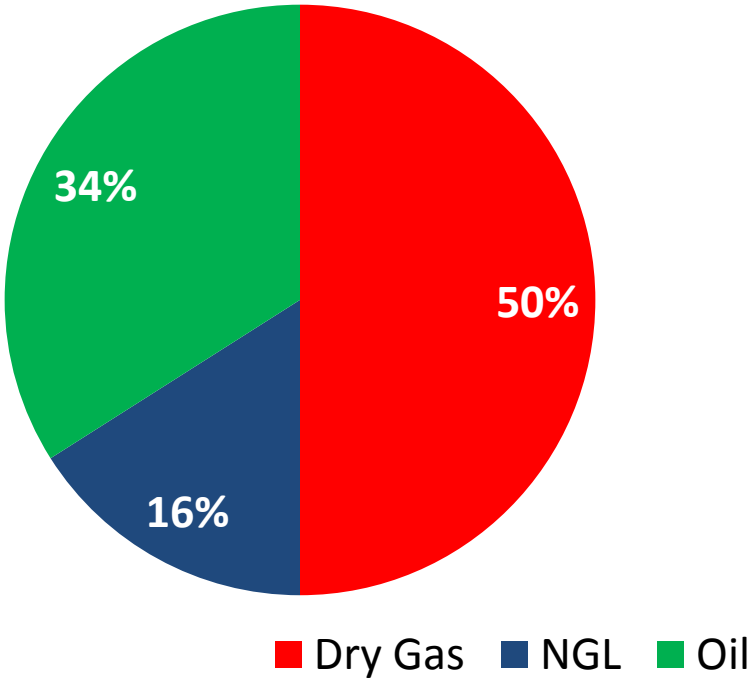
Sequential quarterly growth in 2010, adjusted for divestitures

Production Stream Breakdown

Reported Production



Actual Production Stream



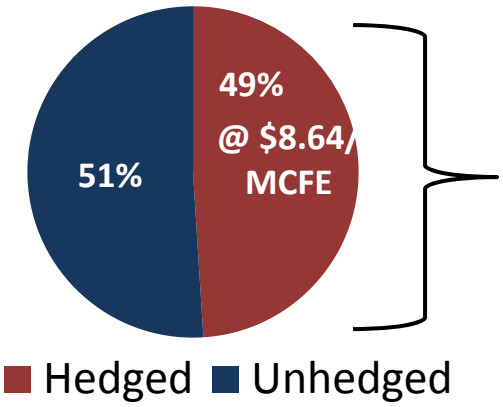
- **St. Mary reports production on a "wet gas" basis**
  - **No NGL volumes are presented since the company sells production at the wellhead**
- **Liquids comprise half of the Company's production for 2010**

Hedging

Hedging Philosophy

- Amount of hedging driven by balance sheet leverage and capital commitments

2010 hedge position as a percentage of estimated production



Avg. Hedge Prices

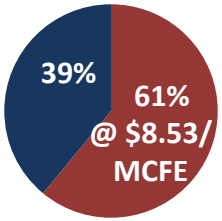
Gas:
$6.26/MMBTU

Oil:
$59.59/Bbl

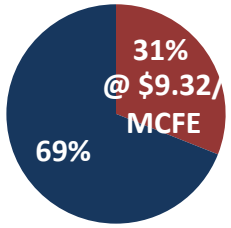
Solid hedge positions on PDP reserves for 2011 and 2012 provide cash flow stability

Hedge Positions as a percentage of PDP

2011

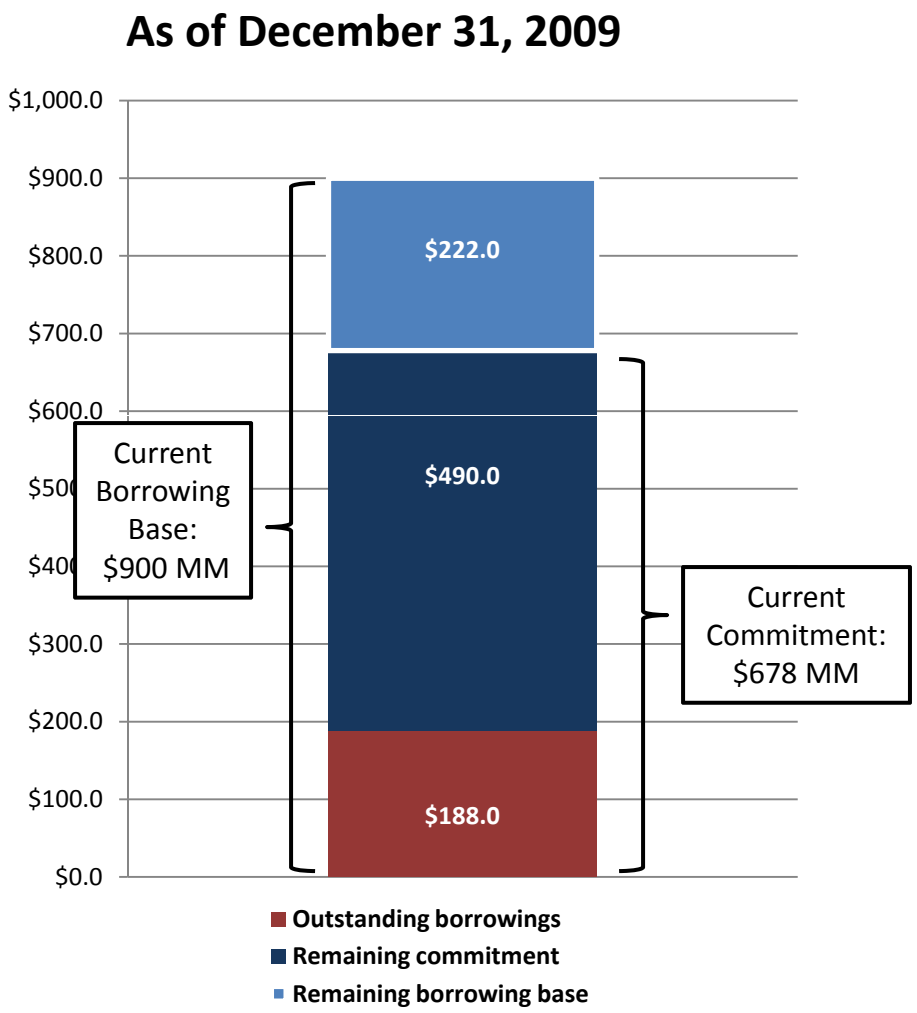


2012



Hedged Unhedged

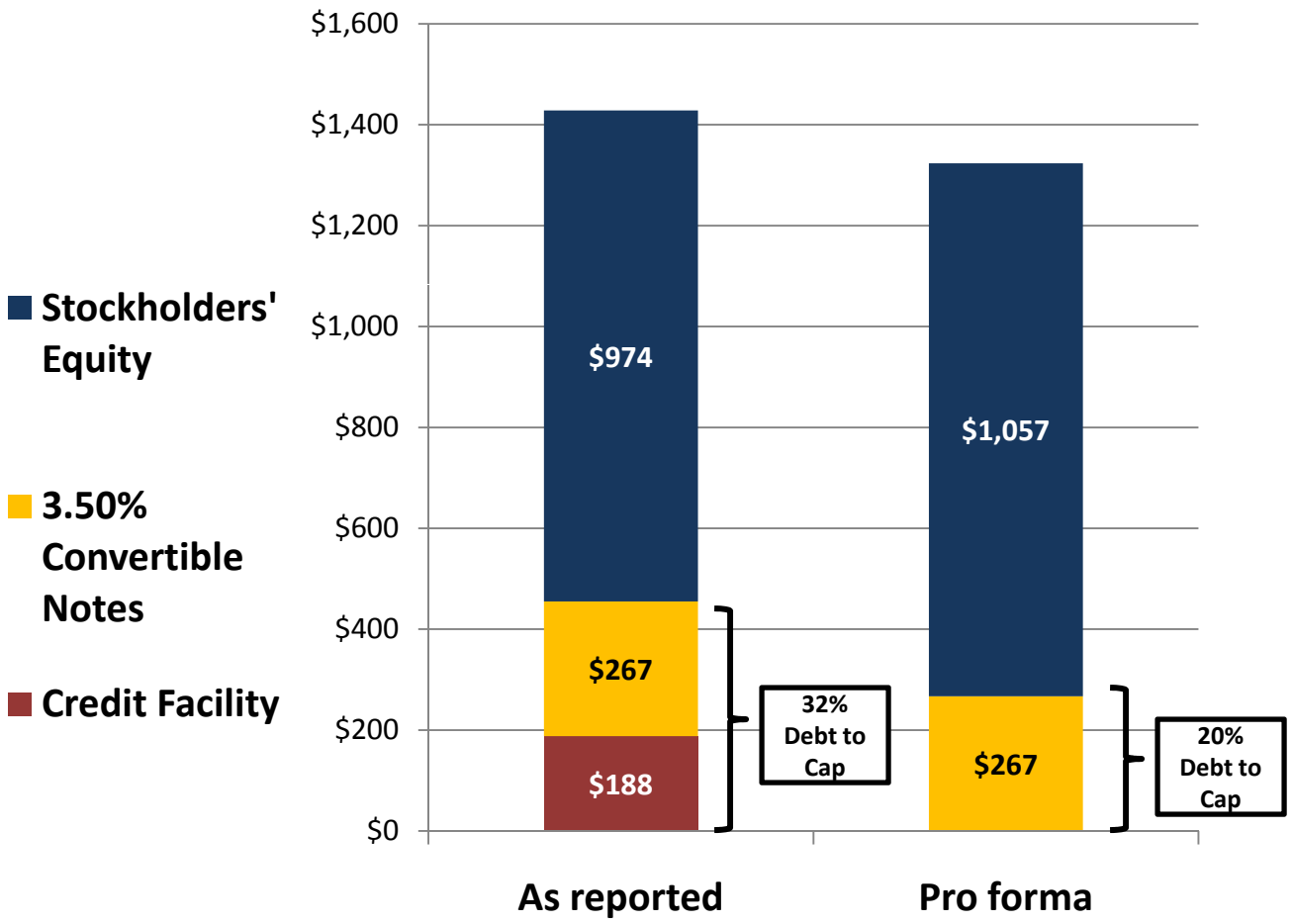
Long-term Credit Facility



- Bank group re-determined borrowing base at $900 MM in March 2010 after divestitures
- Within financial covenants at year-end
  - Debt/EBITDA < 3.5x to 1.0; SM is 1.10x at year-end
  - Adjusted Current Ratio > 1.0x; SM is 2.75x at year-end

Financial Position

Q409 TOTAL BOOK CAPITALIZATION (in millions)



- Balance sheet is in solid shape
- No debt maturities until 2012
- Ample liquidity at our disposal for drilling, leasing, or acquisitions

Assumptions for divestitures: $253 million in net proceeds; $119 million in net book value for properties & 38% effective tax rate for gain

A New Name for a Different Company

- **Company has asked stockholders to approve changing the corporate name to…**

SM ENERGY

RATIONALE:

- St. Mary Parish properties have not been significant for some time
- Transformation of Company warrants a new name
- Honors our past as St. Mary, while positioning us for the future

Key Takeaways

- St. Mary transformation is on track
- Positioning the Company for growth ***and*** solid returns
- Upgraded & expanded project inventory
- Operations on track with 2010 plan
- Balance sheet is in solid shape to fund growth
- Break-through year for SM!