

TETON ENERGY CORP  
Form DEF 14A  
March 19, 2008

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**SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**Filed by the Registrant** ☐

**Filed by a Party other than the Registrant** ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, For Use of the Commission Only (As Permitted by Rule 14a-6(e)(2))
- ☐ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

**TETON ENERGY CORPORATION**

(Name of Registrant as Specified In Its Charter) (Name of Person(s) Filing Proxy Statement, if other than the Registrant)

**Payment of Filing Fee (Check the appropriate box):**

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

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**TETON ENERGY CORPORATION**

410 17th Street, Suite 1850

Denver, Colorado 80202

(303) 565-4600

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD APRIL 24, 2008**

TO THE STOCKHOLDERS OF TETON ENERGY CORPORATION:

You are cordially invited to attend the annual meeting of stockholders (the "Annual Meeting") of Teton Energy Corporation (the "Company") to be held at the Brown Palace Hotel, 321<sup>st</sup> Street, Denver, Colorado 80202 on Thursday, April 24, 2008, at 9:30 AM (local time). At the Annual Meeting, you will be asked to vote on the following:

1. To elect six Directors to the Company's Board, to hold office until his successor is elected and qualified or until his earlier resignation or removal (Proposal No. 1); and
2. To consider and act upon any other business that may properly come before the meeting or any adjournments thereof.

BECAUSE OF THE SIGNIFICANCE OF THESE PROPOSALS TO THE COMPANY AND ITS STOCKHOLDERS, IT IS VITAL THAT EVERY STOCKHOLDER VOTES AT THE ANNUAL MEETING IN PERSON OR BY PROXY.

The foregoing items of business are more fully described in the Proxy Statement that is attached and made a part of this Notice.

The Board has fixed the close of business on March 24, 2008 as the Record Date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the meeting, please take the time to vote in one of these ways:

§ By mail fill in, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope.

§ By telephone call the toll-free telephone number on your proxy card to vote by phone.

§ Via Internet visit the website noted on your proxy card to vote via the Internet.

You may attend the meeting and vote in person even if you have previously voted by proxy in one of the three ways listed above. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

The Annual Report to stockholders for the Company's fiscal year ended December 31, 2007, has been mailed with or prior to this Proxy Statement. This Proxy Statement and the enclosed proxy are expected to be mailed to stockholders on or about April 2, 2008.

By Order of the Board of Directors,  
James J. Woodcock  
Chairman

**IMPORTANT**

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. IF A QUORUM IS NOT REACHED, THE COMPANY WILL HAVE THE ADDED EXPENSE OF RE-ISSUING THESE PROXY MATERIALS. IF YOU ATTEND THE MEETING AND SO DESIRE, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON. THANK YOU FOR ACTING PROMPTLY.

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**IMPORTANT:** Please SIGN, DATE, and RETURN the enclosed proxy or submit your proxy by telephone or the Internet immediately whether or not you plan to attend the Annual Meeting. A return envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

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**TETON ENERGY CORPORATION**  
410 17th Street, Suite 1850  
Denver, Colorado 80202  
**PROXY STATEMENT**  
**FOR**

**2008 ANNUAL MEETING OF STOCKHOLDERS**

**INFORMATION CONCERNING THE PROXY MATERIALS AND THE ANNUAL MEETING**

Our Board of Directors is soliciting proxies to be voted at the 2008 Annual Meeting of Stockholders to be held on April 24, 2008. Your vote is very important. For this reason, our Board of Directors is requesting that you permit your common stock to be represented at the meeting by the proxies named on the enclosed proxy card. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. Please read it carefully.

Voting materials, which include this proxy statement, the proxy card and our annual report on Form 10-K for the fiscal year ended December 31, 2007, will be mailed to stockholders beginning April 2, 2008. Teton's principal executive offices are located at 410 17th Street, Suite 1850, Denver, Colorado 80202. Teton's main telephone number is (303) 565-4600. In this proxy statement, Teton Energy Corporation is referred to as the Company, Teton and we.

**QUESTIONS AND ANSWERS**

**Q: Who may vote at the meeting?**

A: You may vote your Teton stock if our records show that you owned your shares on March 24, 2008, which is referred to as the Record Date. On March 10, 2008, there were 17,810,534 shares of common stock outstanding. You may cast one vote for each share of common stock held by you on all matters presented, except for the election of the directors. Please see "Vote required" at the end of "Election of Directors - Proposal 1" below for further explanation.

**Q: What proposals will be voted on at the annual meeting?**

A: There is one proposal scheduled to be voted on at the annual meeting:

§ Election of six members of the Board.

We will also consider other business that properly comes before the meeting.

**Q: How does the Board recommend that I vote?**

A: Our Board recommends that you vote "FOR" each of the nominees to the Board.

**Q: How can I vote my shares in person at the annual meeting?**

A: If your shares are registered directly in your name with our transfer agent, Computershare, you are considered the stockholder of record with respect to those shares and the proxy materials and proxy card are being sent directly to you by Teton. As the stockholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can bring the enclosed proxy

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card or vote using the ballot provided at the meeting. Even if you plan to attend the annual meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the annual meeting.

Most stockholders of Teton hold their shares in street name through a stockbroker, bank or other nominee rather than directly in their own name. In that case, you are considered the beneficial owner of shares held in street name, and the proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you are also invited to attend the annual meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a legal proxy, and you will need to bring it to the meeting in order to vote in person.

**Q: How can I vote my shares without attending the annual meeting?**

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct your vote without attending the annual meeting by Internet, telephone or completing and mailing your proxy card or voting instruction card in the enclosed pre-paid envelope. Please refer to the enclosed materials for details.

**Q: What happens if additional matters are presented at the annual meeting?**

A: Other than the one item of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Karl F. Arleth and Lonnie R. Brock, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

**Q: What happens if I do not give specific voting instructions?**

A: If you hold shares in your name, and you sign and return a proxy card without giving specific voting instructions, your shares will be voted as recommended by our Board on all matters and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote before the meeting. If you hold your shares through a broker, bank or other nominee and you do not provide instructions on how to vote, your broker or other nominee will have authority to vote your shares on all matters to be considered at the meeting.

**Q: What is the quorum requirement for the annual meeting?**

A: A majority of Teton's outstanding shares as of the record date must be present at the meeting (in person or represented by proxy) in order to hold the meeting and conduct business. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum, even if you wish to abstain from voting on some or all matters introduced at the meeting, if you:

- § are present and vote in person at the meeting; or

- § have properly submitted a proxy card or voted by telephone or by using the Internet.

**Q: How can I change my vote after I return my proxy card?**

A: You may revoke your proxy and change your vote at any time before the final vote at the meeting. You may do this by signing a new proxy card with a later date, voting on a later date by

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telephone or by using the Internet (only your latest telephone or Internet proxy submitted prior to the meeting will be counted), or by attending the meeting and voting in person. However, your attendance at the meeting will not automatically revoke your proxy unless you vote at the meeting or specifically request in writing that your prior proxy be revoked.

**Q: Is my vote confidential?**

A. Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Teton or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which may be forwarded to Teton management.

**Q: Where can I find the voting results of the annual meeting?**

A: The preliminary voting results will be announced at the meeting. The final voting results will be tallied by our Transfer Agent and Inspector of Elections and published in our quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2008. We will also make the results available on our website, which is [www.teton-energy.com](http://www.teton-energy.com). We will identify a link to the results on our website's home page.

**Q: How can I obtain a separate set of voting materials?**

A: To reduce the expense of delivering duplicate voting materials to our stockholders who may have more than one Teton stock account, we are delivering only one set of the proxy statement and the annual report on Form 10-K for the fiscal year ended December 31, 2007 to certain stockholders who share an address, unless otherwise requested. A separate proxy card is included in the voting materials for each of these stockholders. If you share an address with another stockholder and have received only one set of voting materials, you may write or call us to request to receive a separate copy of these materials at no cost to you. Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may write or call us at the address and phone number below to request delivery of a single copy of these materials. For future annual meetings, you may request separate voting materials, or request that we send only one set of voting materials to you if you are receiving multiple copies, by writing or calling us at:

Teton Energy Corporation  
Attn: Mr. Ron Wirth, Investor Relations  
410 17th Street, Suite 1850  
Denver, CO, USA 80202  
Phone: 1.303.565.4600

**Q: Who pays for the cost of this proxy solicitation?**

A: We will pay the costs of the solicitation of proxies. We may engage Georgeson Shareholder Communications Inc. as our proxy solicitor to help us solicit proxies from brokers, bank nominees and other institutions. We may also reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers, and employees may solicit proxies on

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our behalf, without additional compensation, personally or by telephone, or we may ask our proxy solicitor to solicit proxies on our behalf by telephone.

**Q: How can I obtain a copy of Teton's 10-K?**

A: A copy of our 2007 Form 10-K is enclosed. You may obtain an additional copy of our 2007 Form 10-K by sending a written request to the address listed above under "How can I obtain a separate set of voting materials?" We will furnish the Form 10-K without exhibits at no charge. If you prefer a copy of the 2007 Form 10-K including exhibits, you will be charged a fee (which will be limited to our reasonable expenses in furnishing such exhibits). Our Form 10-K is available in PDF format through our Investor Relations website at <http://www.teton-energy.com> and our Form 10-K with exhibits is available on the website of the Securities and Exchange Commission (the "SEC") at <http://www.sec.gov>.

**Q: What is the voting requirement to approve the proposal?**

A: In the election of directors, the six persons receiving the highest number of (or plurality) "FOR" votes at the annual meeting will be elected. If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur when a beneficial owner fails to give voting instructions with respect to "non-routine" matters. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, although broker non-votes are counted for purposes of determining a quorum, broker non-votes will not otherwise affect the outcome of any matter being voted on at the meeting. There are no votes scheduled that are considered "non-routine."

**Q: How can I communicate with the non-employee directors on Teton's Board?**

A: The Board encourages stockholders who are interested in communicating directly with the non-employee directors as a group to do so by writing to the non-employee directors in care of the Company's Corporate Secretary. Stockholders can send communications by mail to Lonnie R. Brock, Secretary, Teton Energy Corporation, 410 17th Street, Suite 1850, Denver, Colorado 80202. Correspondence received that is addressed to the non-employee directors will be reviewed by our general counsel or his designee, who will regularly forward to the non-employee directors a summary of all such correspondence and copies of all correspondence that, in the opinion of our counsel, deals with the functions of the board or committees thereof or that the counsel otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by Teton that is addressed to the non-employee members of the Board and request copies of any such correspondence.



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**WHO CAN HELP ANSWER YOUR QUESTIONS?**

You may seek answers to your questions by calling or emailing:

Mr. Ron Wirth

Tel. (303) 565-4600

[rwirth@teton-energy.com](mailto:rwirth@teton-energy.com)

Or by writing or calling the Company at its principal executive offices:

Teton Energy Corporation

410 17th Street, Suite 1850

Denver, Colorado 80202

Tel. (303) 565-4600

Fax. (303) 565-4606

**CORPORATE GOVERNANCE**

**Board of Directors**

The Board oversees our business affairs and monitors the performance of management. In accordance with our corporate governance principles, the Board does not involve itself in day-to-day operations. The Directors keep themselves informed through discussions with the Chief Executive Officer, other key executives and by reading the reports and other materials that we send them and by participating in Board and committee meetings. Our Directors hold office until their successors have been elected and duly qualified unless the director resigns or by reason of death or other cause is unable to serve in the capacity of director. Biographical information about our Directors is provided in Election of Directors Proposal No. 1 on page 10.

**Director Independence**

The Board has determined that all of the Directors and nominees who would serve after April 24, 2008 are independent except for Mr. Arleth, President and Chief Executive Officer of the Company, and Mr. Bill I. Pennington, the Company's former Chief Financial Officer. The Board's determinations of independence were made in accordance with Section 121A of the American Stock Exchange ( AMEX ) Company Guide. The Company is required to have a majority of independent directors within the meaning of Section 121A of the AMEX Company Guide. The Board of Directors has determined that the following Directors are independent: Messrs. Woodcock, Connor, Conroy and Bailey.

**Board Meetings and Attendance**

During 2007, the Board held 8 physical and telephonic meetings. No incumbent Director attended, either in person or via telephone, fewer than 75% of the aggregate of all meetings of the Board and committees, if any, on which each Director served. The Board also approved certain actions by unanimous written consent.

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**Annual Meeting Attendance**

It is the Company's policy that Directors should make every effort to attend the annual meeting of stockholders. In 2007, five of the six Directors on the Board attended the Company's annual meeting in person.

**Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all of our Directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. A copy of the Company's Code of Business Conduct and Ethics is available on our website at <http://www.teton-energy.com>. We will post on our website any amendment to the Company's Code of Business Conduct and Ethics or waivers of the Company's Code of Business Conduct and Ethics for Directors and executive officers.

**Complaints Regarding Accounting Matters**

The Audit Committee has established procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters ( accounting matters ), and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**Communications with Directors**

The Board has approved procedures for stockholders to send communications to individual Directors or the non-employee Directors as a group.

Written correspondence should be addressed to the Director or Directors in care of Lonnie R. Brock, Secretary of the Company, at the Company's primary address. Correspondence received that is addressed to the non-employee Directors will be reviewed by our general counsel or his designee, who will regularly forward to the non-employee Directors a summary of all such correspondence and copies of all correspondence that, in the opinion of our counsel, deals with the functions of the Board or committees thereof or that the counsel otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by Teton that is addressed to the non-employee members of the Board and request copies of any such correspondence.

You may also contact individual Directors by calling the Company's principal executive offices at (303) 565-4600.

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The Board has standing Audit, Compensation, and Governance and Nominating committees. Each committee has a written charter. The charters are included as appendices to this Proxy Statement and are available on the Company's website at <http://www.teton-energy.com>. Information concerning the membership and function of each committee is as follows:

**Board Committee Membership**

Name	Audit Committee	Compensation Committee	Governance and Nominating Committee
Mr. Arleth			
Mr. Bailey	X	X <sup>(1)</sup>	X
Mr. Connor	X <sup>(1)</sup>	X	X
Mr. Conroy	X	X	X <sup>(1)</sup>
Mr. Pennington			X
Mr. Woodcock	X	X	X

(1) Chairman.

**Audit Committee**

***John T. Connor*** *Chairman, Robert F. Bailey, Thomas F. Conroy and James J. Woodcock*

The Audit Committee is responsible for determining the adequacy of the Company's internal accounting and financial controls, reviewing the results of the audit of the Company performed by the independent public accountants, and recommending the selection of independent public accountants. The functions of the Audit Committee and its activities during 2007 are described in more detail under "Report of the Audit Committee" on page 37 as well as in the Committee's charter, which is attached as Appendix A to this proxy statement and can be found at our website, <http://www.teton-energy.com>. During the year, the Board examined the composition of the Audit Committee in light of the relevant AMEX listing standards governing audit committees. Based upon this examination, the Board has determined that each of the members of the Audit Committee is unrelated, is an outside member with no other current affiliation with the Company, and is independent as defined by AMEX listing standards. The Board has determined that Mr. John Connor is an "audit committee financial expert" as that term is defined by the SEC and AMEX, and is independent from the Company's management as that term is defined under Item 7(d) of Schedule 14A promulgated under the 1934 Act. During 2007, the Audit Committee held 4 meetings held in person or by teleconference.

**Compensation Committee**

***Robert F. Bailey*** *Chairman, John T. Connor, Thomas F. Conroy and James J. Woodcock*

The Compensation Committee determines matters pertaining to the compensation of certain executive officers of the Company and administers the Company's stock and cash incentive compensation

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programs. During 2007, the Compensation Committee held 1 meeting by teleconference and held an executive session during all regularly scheduled board meetings to discuss compensation. The Committee's report can be found on page 28. The Committee's charter is attached as Appendix B to this proxy statement and reproduced on our website at <http://www.teton-energy.com>.

***Governance and Nominating Committee***

***Thomas F. Conroy*** *Chairman, Robert F. Bailey, John T. Connor, Bill I. Pennington and James J. Woodcock*

The Board has established a Governance and Nominating Committee for purposes of nominating Directors and for all other purposes outlined in the Governance and Nominating Committee charter, including nominees submitted to the Board by stockholders. The Board has determined that each of the members of the Governance and Nominating Committee, with the exception of Mr. Pennington, is unrelated, is an outside member with no other affiliation with the Company, and is independent as defined by the AMEX listing standards. Mr. Pennington is not independent as a result of his former position as the Company's Chief Financial Officer. The Board relied upon the exception provided by Section 804(b) of the AMEX Company Guide in order to appoint Mr. Pennington to serve on the Governance and Nominating Committee, as it determined that it would be in the best interest of the Company and its shareholders to have Mr. Pennington serve in such capacity.

The Committee's charter is attached as Appendix C to this proxy statement and reproduced on our website at <http://www.teton-energy.com>.

***Nomination of Directors***

As provided in the Governance and Nominating Committee's charter and our Company's corporate governance principles, the Governance and Nominating Committee is responsible for identifying individuals qualified to become Directors. The Governance and Nominating Committee seeks to identify director candidates based on input provided by a number of sources, including (1) the Governance and Nominating Committee members, (2) our other Directors, (3) our stockholders, (4) our Chief Executive Officer or Chairman, and (5) third parties such as professional search firms. In evaluating potential candidates for director, the Governance and Nominating Committee considers the entirety of each candidate's credentials.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board. However, at a minimum, candidates for director must possess:

- § high personal and professional ethics and integrity;
- § the ability to exercise sound judgment;
- § the ability to make independent analytical inquiries;
- § a willingness and ability to devote adequate time and resources to diligently perform Board and committee duties; and
- § the appropriate and relevant business experience and acumen.

In addition to these minimum qualifications, the Governance and Nominating Committee also takes into account when considering whether to nominate a potential director candidate the following factors:

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- § whether the person possesses specific industry expertise and familiarity with general issues affecting our business;
- § whether the person's nomination and election would enable the Board to have a member that qualifies as an audit committee financial expert as such term is defined by the SEC;
- § whether the person would qualify as an independent director under the rules of the SEC and AMEX listing standards;
- § the importance of continuity of the existing composition of the Board to provide long-term stability and experienced oversight; and
- § the importance of diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

The Governance and Nominating Committee will consider director candidates recommended by stockholders provided such recommendations are submitted in accordance with the procedures set forth below. In order to provide for an orderly and informed review and selection process for director candidates, the Board has determined that stockholders who wish to recommend director candidates for consideration by the Governance and Nominating Committee must comply with the following:

- § the recommendation must be made in writing to the attention of the Chairman of the Company's Governance and Nominating Committee;
- § the recommendation must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and the Company within the last three years and evidence of the recommending person's ownership of the Company's Common Stock;
- § the recommendation shall also contain a statement from the recommending stockholder in support of the candidate; professional references, particularly within the context of those relevant to Board membership, including issues of character, judgment, diversity, age, independence, expertise, corporate experience, length of service, other commitments; and personal references; and
- § a statement from the stockholder nominee indicating that such nominee wants to serve on the Board and could be considered independent under SEC rules and AMEX listing standards, as in effect at that time.

All candidates submitted by stockholders will be evaluated by the Governance and Nominating Committee according to the criteria discussed above and in the same manner as all other director candidates.

**Compensation Committee Interlocks and Insider Participation**

On May 3, 2007, the Board elected Robert F. Bailey, John T. Connor, Thomas F. Conroy and James J. Woodcock to serve on the Compensation Committee for fiscal 2008. All Compensation Committee members are independent pursuant to Rule 121A of the AMEX Company Guide.

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**ELECTION OF DIRECTORS  
PROPOSAL NO. 1**

The Board proposes the election of the current Directors of the Company for an additional term of one year. The following is information about each nominee, including biographical data for at least the last five years. Should one or more of these nominees become unavailable to accept nomination or election as a director, the individuals named as proxies on the enclosed proxy card will vote the shares that they represent for the election of such other persons as the Board may recommend, unless the Board reduces the number of Directors.

The Board adheres to corporate governance principles designed to assure the continued vitality of the Board and excellence in the execution of its duties. The Board is responsible for supervision of the overall affairs of the Company. Following the Annual Meeting, the Board will consist of six Directors. All Directors are U.S. citizens. The term of each director continues until the next annual meeting or until successors are elected. The nominees for director are:

<b>Name</b>	<b>Biographical Information and Current Directorships</b>	<b>Age</b>
<b>James J. Woodcock</b>	James J. Woodcock has been a Director since 2002 and our Non-Executive Chairman since February 2005. Mr. Woodcock served as Chairman of the Company's Compensation Committee between 2003 and May 2007. Since 1981, Mr. Woodcock has been the owner and CEO of Hy-Bon Engineering Company, based in Midland, Texas. From 1997 to 2002, Mr. Woodcock was the chairman of Transrepublic Resources, a private oil and gas exploration firm. From 1996 until 2003, Mr. Woodcock was a board member and Chairman of the Board of Renovar Energy, a private waste-to-energy firm located in Midland, Texas.	69
<b>Karl F. Arleth</b>	Karl F. Arleth has been our President and Chief Executive Officer since May 2003 and a Director since 2002. From March 2002 to May 2003, Mr. Arleth was the Chief Operating Officer of Sefton Resources, Inc., an oil and gas exploration and production company. From May 2003 until March 2006, Mr. Arleth served as a Board member of Sefton Resources, Inc. Ending in 1999, Mr. Arleth spent 22 years with Amoco and BP-Amoco in various technical and executive management positions.	59
<b>John T. Connor, Jr.</b>	John T. Connor, Jr. became a director in 2003 and is Chairman of the Board's audit committee. He is the Founder and Portfolio Manager of the Third Millennium Russia Fund, a US-based mutual fund specializing in the equities of Russian public companies, a position he has held since 1998. He also serves as the Managing Member of Third Millennium Investment Advisors LLC. Since 1973, Mr. Connor has been a member of the Council on Foreign Relations.	66
<b>Thomas F. Conroy</b>	Thomas F. Conroy, a Certified Public Accountant, has been a director since 2002. Since August 2004, Mr. Conroy has been the Chairman of Mann-Conroy-Eisenberg & Assoc. LLC, a life insurance and reinsurance consulting firm. Since 2001, Mr. Conroy has been a managing principal of Strategic Reinsurance Consultants International LLC, a life reinsurance consulting and brokerage firm. Ending in 2001, Mr. Conroy, spent 27 years with ING and its predecessor organizations, serving in various financial positions and leading two of its strategic business units as President. Mr. Conroy briefly served as our interim CFO and secretary from April 2002 until April 2003 and as an interim CFO from March 2006 until June 2006, the latter term without compensation.	69



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<b>Name</b>	<b>Biographical Information and Current Directorships</b>	<b>Age</b>
<b>Bill I. Pennington</b>	Bill I. Pennington has been a Director since September 2007. From June 2006 through August 2007, Mr. Pennington served as our CFO. Between 1994 and August 2004, Mr. Pennington served in several roles for Inland Resources Inc. and its predecessors, including as President, Chief Financial Officer, and as a director.	56
<b>Robert F. Bailey</b>	Robert F. Bailey became a Director in 2006. Since 2002, he has been president of R.F. Bailey Investments, and since 2003 he has been a partner in B&J Exodus, Ltd., a private investment partnership. From 1992 to 2002, he was President and CEO of TransRepublic Resources, Inc., an oil and gas E&P concern. From 1994 until 2006, he was a board member of Cabot Oil and Gas Corp. He is currently an Advisory Director at the University of Texas of the Permian Basin and serves as a director of the School for Advanced Research in Santa Fe, New Mexico.	75

All directors hold office until the first meeting of the Board after the annual meeting of stockholders next following his election or until his successor is elected and qualified. A director or officer may also resign at any time. Messrs. Bailey, Connor, Conroy and Woodcock have been determined by the Board to be Independent Directors within the meaning of Section 121A of the AMEX Company Guide. There are no family relationships among directors or executive officers of Teton.

**Vote Required**

The six nominees receiving the highest number of votes of the shares of the Company cast at the Annual Meeting in person or by proxy and entitled to vote shall be elected as directors.

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF ALL THE ABOVE NOMINEES.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS****Transactions Involving Mr. Arleth**

Mr. Arleth, our President and Chief Executive Officer, signed a new employment agreement on August 30, 2006, which employment agreement became effective as of September 1, 2006. The employment agreement is for a three-year term, with a base salary of \$250,000 per year. Under the terms of the employment agreement, Mr. Arleth is entitled to 24 months severance pay in the event of a change of position or change in control of the Company or if his employment is terminated without cause.



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**DIRECTOR COMPENSATION**

Directors who are not also executive officers of the Company are compensated as follows: During 2007, non-employee Directors were paid \$8,000 in cash for each quarter served, pro-rated if less than a full quarter was served. Cash retainer payments are made in arrears based on service for the previous quarter. In addition, members of the Board are eligible to participate in the Company's 2005 Long Term Incentive Plan.

In addition to these fees, Directors are reimbursed for reasonable travel expenses and are covered by the Company's directors and officers insurance.

The table below shows the total 2007 compensation of the Company's non-employee Directors:

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					Change in Pension Value and Non-Equity Incentive Nonqualified	All Other Compensa-	
	Fees Earned or Paid in	Stock	Options	Plan	Deferred	Compensa-	Total
	in Cash	Awards <sup>(1)</sup>	Awards	-tion	Compensa- -tion Earnings	tion	
James J. Woodcock, Non-Executive Chairman <sup>(2)</sup>	\$32,000	\$765,315					\$797,315
John T. Connor, Jr. <sup>(3)</sup>	\$32,000	\$204,533					\$236,533
Thomas F. Conroy <sup>(4)</sup>	\$32,000	\$204,533					\$236,533
Robert F. Bailey <sup>(5)</sup>	\$32,000	\$ 83,667					\$115,667
Bill I. Pennington <sup>(6)</sup>	\$ 9,231	\$ 36,800					\$ 46,031
William White <sup>(7)</sup>	\$21,538						\$ 21,538

(1) The amount shown in the table reflects the dollar amount recognized for fiscal 2007 financial statement reporting purposes of the outstanding stock awards held by the Directors in accordance with FAS 123R.

(2) As of December 31, 2007, Mr. Woodcock received a total of 83,250 stock awards, granted to him under the 2005 and 2006 grants under the Company's Long

Term Incentive  
Plan of 2005  
(the 2005  
LTIP ), and  
40,000 shares of  
restricted stock  
that vested  
during the year.  
The aggregate  
number of stock  
awards  
outstanding for  
Mr. Woodcock  
at December 31,  
2007 includes  
(i) 87,034 shares  
underlying  
warrants  
exercisable with  
exercise prices  
ranging from  
\$3.24 to \$3.48  
per share,  
expiring  
December 12,  
2012,  
(ii) 410,148  
shares  
underlying  
options,  
exercisable with  
exercise prices  
ranging from  
\$3.40 to \$3.60  
per share,  
expiring April 8,  
2013 to  
March 30, 2014,  
(iii) 40,000  
restricted shares  
that vest  
December 31,  
2008, and  
(iv) 175,000  
shares from the  
2006 grant year  
under the 2005  
LTIP that are  
available to vest  
on  
December 31,

2008.

(3) As of December 31, 2007, Mr. Connor received a total of 33,375 stock awards, granted to him under the 2005 and 2006 grants under the LTIP. The aggregate number of stock awards outstanding for Mr. Connor at December 31, 2007 includes (i) 175,000 shares underlying options, with exercise prices ranging from \$3.60 to \$3.71 per share, expiring August 3, 2013 to March 30, 2014, and (ii) 62,500 shares available from the 2006 grant year award under the 2005 LTIP that are available to vest on December 31, 2008.

(4) As of December 31, 2007, Mr. Conroy received a total of 33,375 stock awards, granted to him under the

2005 and 2006 grants under the LTIP. The aggregate number of stock awards outstanding for Mr. Conroy at December 31, 2007 includes (i) 25,000 shares underlying warrants, exercisable at \$3.24 per share, expiring December 5, 2012, (ii) 103,658 shares underlying options, with exercise prices ranging from \$3.48 to \$3.60 per share, expiring April 8, 2013 to March 30, 2014, and (iii) 62,500 shares available from the 2006 grant year award under the 2005 LTIP that are available to vest on December 31, 2008.

- (5) As of December 31, 2007, Mr. Bailey received a total of 13,333 stock awards, granted to him under the 2005 and 2006 grants under the LTIP and 8,334

restricted shares  
that vested  
during the year.  
The aggregate  
number of stock  
awards  
outstanding for  
Mr. Bailey at  
December 31,  
2007 includes  
(i) 16,666  
restricted shares  
that vest in  
equal tranches  
annually on  
December 31,  
2008 and 2009,  
and (ii) 80,000  
shares for the  
2007 grant year  
under the 2005  
LTIP that are  
available to vest  
in equal  
tranches on  
June 30, 2008,  
2009 and 2010.

- (6) Mr. Pennington  
was appointed  
to serve as a  
director  
effective as of  
September 14,  
2007. For the  
year ended  
December 31,  
2007, the  
Company  
recorded  
estimated stock  
award expense  
in respect to the  
2007 grant for  
Mr. Pennington  
under the LTIP.  
The aggregate  
number of stock  
awards  
outstanding for  
Mr. Pennington

at December 31,  
2007 includes  
80,000 shares  
for the 2007  
grant year under  
the 2005 LTIP  
that are  
available to vest  
in equal  
tranches on  
June 30, 2008,  
2009 and 2010.

- (7) Mr. White did  
not earn any  
stock awards  
during 2007 as  
he resigned  
before  
December 31,  
2007. Mr. White  
held a total of  
53,334 shares as  
of December 31,  
2006.

**Table of Contents****INFORMATION ABOUT STOCK OWNERSHIP**

The following tables set forth certain information as of March 10, 2008, available to the Company with respect to the shares of the Company (i) held by those persons known to the Company to be beneficial owners (as determined under the rules of the SEC) of more than 5% of the Common Stock then outstanding and (ii) held by each of the Directors, each of the executive officers named in the Summary Compensation Table below, and by all of the Directors and such executive officers as a group. Unless otherwise indicated, the beneficial owner has sole voting and dispositive power over the shares shown in the table as beneficially owned. The business address for all Directors and executive officers is c/o Teton Energy Corporation, 410 17th Street, Suite 1850, Denver, Colorado 80202.

**BENEFICIAL OWNERS**

<b>Name and Address</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
<b>of Beneficial Owner</b>		
Karl F. Arleth	1,216,312 <sup>(1)</sup>	6.27%
Wellington Management Company, LLP	2,268,401 <sup>(2)</sup>	11.69%
BMI Capital Corporation	1,351,200 <sup>(3)</sup>	6.96%
First New York Securities LLC	1,138,754 <sup>(4)</sup>	6.40%

- (1) Includes
- (i) 422,640 shares of common stock, held directly,
  - (ii) 83,334 shares underlying warrants, with an exercise price of \$3.24 per share, expiring December 12, 2012,
  - (iii) 410,338 shares underlying options, currently exercisable at \$3.48 per share, expiring April 8, 2013, and
  - (iv) 300,000 shares underlying options, currently



exercisable at  
\$3.60 per share,  
expiring  
March 30, 2014.

(2) According to a  
Schedule 13G/A  
filed with the  
SEC on  
February 14,  
2008,  
Wellington  
Management  
Company, LLP,  
a registered  
investment  
adviser located  
at 75 State  
Street, Boston,  
MA, in its  
capacity as  
investment  
adviser, may be  
deemed to  
beneficially own  
2,268,401  
shares, which are  
held of record by  
its clients.

(3) According to a  
Schedule 13G  
filed with the  
SEC on  
February 21,  
2008, BMI  
Capital  
Corporation, a  
registered  
investment  
adviser located  
at 570 Lexington  
Avenue, New  
York, NY, in its  
capacity as  
investment  
adviser, may be  
deemed to  
beneficially own  
1,351,200  
shares, which are

held of record by  
its clients.

- (4) According to a  
Schedule 13D  
Amendment  
No. 1 filed with  
the SEC on  
January 31,  
2008, First New  
York Securities  
LLC, a  
registered  
investment  
advisor located  
at 90 Park  
Avenue, 5<sup>th</sup>  
Floor, New  
York, New  
York, BATL  
Management LP,  
Thomas F.  
Donino and Lee  
Higgins, together  
referred to as the  
Reporting  
Persons ,  
collectively may  
be deemed to  
beneficially own  
1,138,754  
shares, which are  
held of record by  
its clients.

#### **DIRECTORS AND OFFICERS**

The following table sets forth, as of March 10, 2008, the number of and percent of our common stock beneficially owned by (a) all Directors and nominees, naming them, (b) the named executive officers, and (c) our Directors and executive officers as a group, without naming them:

**Table of Contents**

<b>Name and Address of Beneficial Owners</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
<b>Officer and Director:</b>		
Karl F. Arleth 410 17th Street, Suite 1850 Denver, Colorado 80202	1,216,312 <sup>(1)</sup>	6.27%
<b>Directors:</b>		
James J. Woodcock 410 17th Street, Suite 1850 Denver, Colorado 80202	828,927 <sup>(2)</sup>	4.27%
John T. Connor, Jr. 410 17th Street, Suite 1850 Denver, Colorado 80202	422,279 <sup>(3)</sup>	2.18%
Thomas F. Conroy 410 17th Street, Suite 1850 Denver, Colorado 80202	192,929 <sup>(4)</sup>	*
Robert Bailey 410 17th Street, Suite 1850 Denver, Colorado 80202	66,379 <sup>(5)</sup>	*
Bill I. Pennington 410 17 <sup>th</sup> Street, Suite 1850 Denver, CO 80202	36,048 <sup>(6)</sup>	*
<b>Officers:</b>		
Lonnie Brock 410 17th Street, Suite 1850 Denver, Colorado 80202	5,600 <sup>(7)</sup>	*
Dominic J. Bazile II 410 17 <sup>th</sup> Street, Suite 1850 Denver, CO 80202	20,000 <sup>(8)</sup>	*
Richard F. Boshier 410 17 <sup>th</sup> Street, Suite 1850 Denver, CO 80202	26,907 <sup>(9)</sup>	*
William P. Brand 410 17 <sup>th</sup> Street, Suite 1850 Denver, CO 80202	3,000 <sup>(10)</sup>	*
The Estate of Andrew Schultz 410 17 <sup>th</sup> Street, Suite 1850 Denver, CO 80202	57,872 <sup>(11)</sup>	*
All executive officers and Directors as a group (10 persons)	2,876,253	14.82%

\* Less than one  
percent.



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- (1) Includes
  - (i) 422,640 shares of common stock owned by Mr. Arleth directly,
  - (ii) 83,334 shares underlying warrants, with an exercise price of \$3.24 per share, expiring December 12, 2012,
  - (iii) 410,338 shares underlying options, currently exercisable at \$3.48 per share, expiring April 8, 2013, and
  - (iv) 300,000 shares underlying options, currently exercisable at \$3.60 per share, expiring March 30, 2014.
  
- (2) Includes
  - (i) 331,745 shares of common stock owned by Mr. Woodcock directly,
  - (ii) 87,034 shares underlying warrants exercisable with exercise prices

ranging from  
\$3.24 to \$3.48  
per share,  
expiring  
December 12,  
2012  
(iii) 410,148  
shares  
underlying  
options,  
exercisable with  
exercise prices  
ranging from  
\$3.40 to \$3.60  
per share,  
expiring April 8,  
2013 to  
March 30, 2014.

(3) Includes  
(i) 247,279  
shares of  
common stock  
owned by  
Mr. Connor  
directly, and (ii)  
175,000 shares  
underlying  
options, with  
exercise prices  
ranging from  
\$3.60 to \$3.71  
per share,  
expiring  
August 3, 2013  
to March 30,  
2014.

(4) Includes  
(i) 64,271 shares  
of common  
stock owned by  
Mr. Conroy  
directly,  
(ii) 25,000  
shares  
underlying  
warrants,  
exercisable at  
\$3.24 per share,  
expiring

December 5,  
2012, and  
(iii) 103,658  
shares  
underlying  
options, with  
exercise prices  
ranging from  
\$3.48 to \$3.60  
per share,  
expiring April 8,  
2013 to  
March 30, 2014.

- (5) Represents  
66,379 shares of  
common stock  
owned by  
Mr. Bailey  
directly.
- (6) Represents  
36,048 shares of  
common stock  
owned by  
Mr. Pennington  
directly.
- (7) Represents  
5,600 shares of  
common stock  
owned by  
Mr. Brock  
directly.
- (8) Represents  
10,000 shares of  
common stock  
owned by  
Mr. Bazile  
directly.
- (9) Represents  
26,907 shares of  
common stock  
owned by  
Mr. Boshier  
directly.
- (10) Represents  
3,000 shares of

common stock  
owned by  
Mr. Brand  
directly.

- (11) Represents  
57,872 shares of  
common stock  
owned by the  
estate of  
Mr. Schultz, one  
of our named  
executive  
officers in 2007,  
who passed  
away on  
December 15,  
2007.

### INFORMATION ABOUT EXECUTIVE OFFICERS

The Chairman, the Chief Executive Officer, and other corporate officers are elected annually by our Board. Each holds office until their successors are elected and duly qualified or until their resignation.

The current executive officers of the Company are as follows:

Name	Age	Position
Karl F. Arleth	59	Chief Executive Officer, President, and Director
Lonnie Brock	57	Executive Vice President, Chief Financial Officer
Dominic J. Bazile II	49	Executive Vice President and Chief Operating Officer

**Karl F. Arleth** has been our President and Chief Executive Officer since May 2003 and a Director since 2002. From March 2002 to May 2003, Mr. Arleth was the Chief Operating Officer of Sefton Resources, Inc., an oil and gas exploration and production company. From May 2003 until March 2006, Mr. Arleth served as a Board member of Sefton Resources, Inc. Ending in 1999, Mr. Arleth spent 22 years with Amoco and BP-Amoco in various technical management and executive positions.

**Lonnie Brock** became our Executive Vice President and