

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

TETON PETROLEUM CO
Form PRE 14A
January 10, 2003

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

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 Pursuant to Rule 14a-11(c) or Rule 14a-12

TETON PETROLEUM COMPANY

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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:

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

 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:

TETON PETROLEUM COMPANY
P.O. Box 774327
Steamboat Springs, Colorado 80477

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MARCH 19, 2003

Steamboat Springs, Colorado
January __, 2003

An Annual Meeting of Stockholders (the "Annual Meeting") of Teton Petroleum Company, a Delaware corporation (the "Company"), will be held at o on March 19, 2003 at 10:00 AM (local time) for the following purposes:

1. To elect four directors to the Corporation's Board of Directors, to hold office until his successor is elected and qualified or until his earlier resignation or removal (Proposal No. 1);
2. To amend the Company's certificate of incorporation to increase the authorized amount of capital stock from 100,000,000 shares to 275,000,000 shares of which 25,000,000 shares will be blank check preferred stock (Proposal No. 2).
3. To adopt the 2003 Stock Option Plan (Proposal No. 3);
4. To effect a one-for-ten reverse stock split (the "Reverse Stock Split") of the Company's common stock (Proposal No. 4);
5. To consider and act upon a proposal to ratify the Board of Directors' selection of Ehrhardt Keefe Steiner & Hottman PC as the Corporation's independent auditors for the fiscal year ending December 31, 2002 (Proposal No. 5);
6. To transact such other business as may properly come before

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

the Annual Meeting and any adjournment or postponement thereof.

BECAUSE OF THE SIGNIFICANCE OF THIS PROPOSAL TO THE COMPANY AND ITS SHAREHOLDERS, IT IS VITAL THAT EVERY SHAREHOLDER 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 of Directors has fixed the close of business on (Record Date), 2003 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:

- o By mail - fill in, sign and date the enclosed proxy card and return it promptly in the postage-paid envelope.
- o By telephone - call the toll-free telephone number on your proxy card to vote by phone.
- o Via Internet - visit the web site 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 three ways listed above. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

By Order of the Board of Directors,

H. Howard Cooper

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. 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

TETON PETROLEUM COMPANY
P.O. Box 774327
Steamboat Springs, Colorado 80477

PROXY STATEMENT

GENERAL

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of Teton Petroleum Company, a Delaware corporation (the "Company"), of proxies in the enclosed form for use in voting at the Annual Meeting of Stockholders (the "Annual Meeting") to be held at _____ on March 19, 2003 at 10:00 AM (local time), and any adjournment or postponement thereof. Only holders of record of the Company's common stock, \$.001 par value per share (the "Common Stock"), on _____, 2003 (the "Record

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

Date") will be entitled to vote at the Meeting. At the close of business on the Record Date, the Company had issued and outstanding 58,550,302 shares of Common Stock.

In accordance with the Company's bylaws, the presence of a majority of the shares entitled to vote, whether present in person or represented by proxy, will constitute a quorum at the meeting. Abstentions will be treated as shares that are present and entitled to vote but against any proposal submitted to stockholders. Executed proxies returned by a broker holding shares of the Company's Common Stock in street name which indicate that the broker does not have discretionary authority as to certain shares to vote on one or more matters ("broker non-votes") will be considered present but not entitled to vote on any proposal submitted to stockholders

Any person giving a proxy in the form accompanying this Proxy Statement has the power to revoke it prior to its exercise. Any proxy given is revocable prior to the Meeting by an instrument revoking it or by a duly executed proxy bearing a later date delivered to the Secretary of the Company. Such proxy is also revoked if the stockholder is present at the Meeting and elects to vote in person.

The Company will bear the entire cost of preparing, assembling, printing and mailing the proxy materials furnished by the Board of Directors to stockholders. Copies of the proxy materials will be furnished to brokerage houses, fiduciaries and custodians to be forwarded to the beneficial owners of the Common Stock. In addition to the solicitation of proxies by use of the mail, some of the officers, directors and regular employees of the Company may (without additional compensation) solicit proxies by telephone or personal interview, the costs of which the Company will bear.

This Proxy Statement and the accompanying form of proxy is being sent or given to stockholders on or about 0, 2003.

Stockholders of the Company's Common Stock are entitled to one vote for each share held. Such shares may not be voted cumulatively.

Each validly returned proxy (including proxies for which no specific instruction is given) which is not revoked will be voted "FOR" each of the proposals as described in this Proxy Statement and, at the proxy holders' discretion, on such other matters, if any, which may come before the Meeting (including any proposal to adjourn the Meeting).

Determination of whether a matter specified in the Notice of Annual Meeting of Stockholders has been approved will be determined as follows. The affirmative vote of the holders of a plurality of the shares of the Company cast at the Annual Meeting is required for the election of directors (Proposal No. 1). The affirmative vote of the holders of a majority of the outstanding shares of the Company present or represented by proxy and entitled to vote on the matter is required to:

- o adopt the 2003 Stock Option Plan (Proposal No. 3);
- o effect a one-for-ten reverse stock split (the "Reverse Stock Split") of the Company's common stock (Proposal No. 4);
- o consider and act upon a proposal to ratify the Board of Directors' selection of Ehrhardt Keefe Steiner & Hoffman PC as the Corporation's independent auditors for the fiscal year ending December 31, 2002 (Proposal No. 5);

The affirmative vote of the holders of a majority of the outstanding shares of the Company is required to amend the Company's certificate of incorporation to increase the authorized amount of capital stock from 100,000,000 shares to 275,000,000 shares, of which 250,000,000 shall be common stock and 25,000,000

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

shall be preferred stock (Proposal No. 2).

1

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The board of directors (the "Board") proposes the election of the current directors of the Company for an additional term of one year. 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 has long adhered to governance principles designed to assure the continued vitality of the Board and excellence in the execution of its duties. Accordingly, directors are compensated for their service to the Company pursuant to the terms of their employment agreements. The Board is responsible for supervision of the overall affairs of the Company. In fiscal 2001, the Board's business was conducted by consents in lieu of meetings. The directors executed 0 consents in lieu of meeting. Following the Annual Meeting, the Board will consist of four directors. The term of each director continues until the next annual meeting or until successors are elected. The nominees for director are:

- o H. Howard Cooper, President and Director
- o Thomas F. Conroy, Chief Financial Officer, Secretary and Director
- o Karl F. Arleth, Director
- o James J. Woodcock, Director

H. HOWARD COOPER, has been our president and chairman of the board of directors since 1996. Mr. Cooper founded American Tyumen in November 1996. He served as a director and president of American Tyumen until the merger with EQ. Since the merger, he has held these same positions with Teton. In 1994, he was a consultant to Central Asian Petroleum, an oil and gas company located in Russia and Peak Energy, an oil and gas company located in Denver, Colorado. Mr. Cooper has a bachelor's degree from the University of Colorado in business and a master's degree from Columbia University in international affairs.

THOMAS F. CONROY, has been our chief financial officer since March 2002, secretary since April 2002, and director since 2002. Mr. Conroy is a Certified Public Accountant with an MBA from the University of Chicago. 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. As President of ING Reinsurance, he established their international presence, setting up facilities in The Netherlands, Bermuda, Ireland and Japan. He also served as an Officer and Board Member of Security Life of Denver Insurance Company and its subsidiaries.

KARL F. ARLETH, has been a director since 2002. Mr. Arleth is the Chief Operating Officer and a Board member of Sefton Resources, Inc. Mr. Arleth spent 21 years with Amoco and BP-Amoco. In 1998 he chaired the Board of the Azerbaijan International Operating Company (AIOC) for BP-Amoco in Baku, Azerbaijan. Concurrently in 1997-98, he was also President of Amoco Caspian Sea Petroleum Ltd. in Azerbaijan and Director of Strategic Planning for Amoco Corporations Worldwide Exploration and Production Sector in Chicago. From 1992 -- 1996 Mr. Arleth was President of Amoco Poland Ltd. in Warsaw, Poland.

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

JAMES J. WOODCOCK has been a director since 2002. Mr. Woodcock is presently the founder and CEO of Hy-Bon Engineering Company, based in Midland, Texas. Hy-Bon is an engineering firm and manufacturer of vapor recovery, gas boosters, and casing pressure reduction systems for the oil industry. Mr. Woodcock is a current board member of Renovar Energy, a private firm located in Midland Texas and was previously chairman of Transrepublic Resources, also a private firm located in Midland Texas.

Approval of this proposal requires the affirmative vote of a plurality of the shares of the Company cast at the Annual Meeting.

RECOMMENDATION OF THE BOARD:

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

2

PROPOSAL NO. 2

AMENDMENT TO THE ARTICLES OF INCORPORATION

The Board of the Company proposes amending the Company's certificate of incorporation to increase the number of authorized shares of common stock from 100,000,000 to 250,000,000 and to authorize the creation of 25,000,000 shares of blank check preferred stock. The Company currently has authorized capital stock of 100,000,000 of shares of common stock and approximately 58,550,302 shares of common stock are outstanding as of the Record Date. The Board believes that the increase in authorized shares would provide the Company greater flexibility with respect to the Company's capital structure for such purposes as additional equity financing, and stock based acquisitions.

INCREASE IN AUTHORIZED COMMON STOCK

The terms of the additional shares of common stock will be identical to those of the currently outstanding shares of common stock. However, because holders of common stock have no preemptive rights to purchase or subscribe for any unissued stock of the Company, the issuance of additional shares of common stock will reduce the current stockholders' percentage ownership interest in the total outstanding shares of common stock. This amendment will not alter the current number of issued shares. The relative rights and limitations of the shares of common stock would remain unchanged under this proposal.

As of November 15, 2002, a total of 58,550,302 shares of the Company's currently authorized shares of common stock are issued and outstanding. The increase in the number of authorized but unissued shares of common stock would enable the Company, without further stockholder approval, to issue shares from time to time as may be required for proper business purposes, such as raising additional capital for ongoing operations, business and asset acquisitions, stock splits and dividends, present and future employee benefit programs and other corporate purposes.

One of the effects of proposed amendment might be to enable the Board to render it more difficult to, or discourage an attempt to, obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of present management. The Board would, unless prohibited by applicable law, have additional shares of common stock available to effect transactions (such as private placements) in which the number of the Company's outstanding shares would be increased and would thereby dilute the interest of any party attempting to gain control of the Company. Such action

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

could discourage an acquisition of the Company, which stockholders might view as desirable.

CREATION OF BLANK CHECK PREFERRED STOCK

The amendment to the certificate of incorporation will create 25,000,000 authorized shares of "blank check" preferred stock. Article IV of the proposed amendment to the certificate of incorporation attached as Exhibit "A" to this proxy statement contains provisions related to the "blank check" preferred stock. The following summary does not purport to be complete and is qualified in its entirety by reference to the proposed amendment to the certificate of incorporation as set forth in Exhibit "A."

The term "blank check" refers to preferred stock, the creation and issuance of which is authorized in advance by the stockholders and the terms, rights and features of which are determined by the Board of the Company upon issuance. The authorization of such blank check preferred stock would permit the board of directors to authorize and issue preferred stock from time to time in one or more series.

Subject to the provisions of the Company's amendment to the certificate of incorporation and the limitations prescribed by law, the Board would be expressly authorized, at its discretion, to adopt resolutions to issue shares, to fix the number of shares and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other annual rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether the dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the preferred stock, in each case without any further action or vote by the stockholders. The Board would be required to make any determination to issue shares of preferred stock based on its judgment as to the best interests of the Company and its stockholders. The Board is seeking stockholder approval of an amendment to the certificate of incorporation which would give the Board flexibility, without further stockholder action, to issue preferred stock on such terms and conditions as the board of directors deems to be in the best interests of the Company and its stockholders. The Company has no immediate definitive plans to issue any shares of preferred stock. Therefore, the terms, rights and features of a preferred stock subject to this proposal cannot be stated or predicted with certainty.

3

It is not possible to state the effects of the proposed amendment upon the rights of holders of common stock until the Board determines the respective rights of the holders of one or more series of preferred stock. However, the issuance of shares of preferred stock pursuant to the Board's authority described above may adversely affect the rights of the holders of common stock. Specifically, the effects of such issuances of preferred stock could include (i) reduction of the amount of cash otherwise available for payment of dividends on common stock, if any, (ii) restrictions on dividends on common stock, (iii) dilution of the voting power of common stock, and (iv) restrictions on the rights of holders of common stock to share in the Company's assets on liquidation until satisfaction of any liquidation preference granted to the holders of such subsequently designated series of preferred stock. For example, preferred stock issued by the Company may rank prior to the common stock as to dividend rights, liquidation preferences or both, may have full or limited voting rights, and may be convertible into shares of common stock. Accordingly, the issuance of shares of preferred stock could decrease the amount of earnings

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

and assets allocable to or available for distribution to holders of common stock and adversely affect the rights and powers, including voting rights of the common stock, and may discourage bids for the common Stock or may otherwise adversely affect the market price of the common Stock.

The amendment will provide the Company with increased financial flexibility in meeting future capital requirements by providing another type of security in addition to its common stock, as it will allow preferred stock to be available for issuance from time to time and with such features as determined by the Board for any proper corporate purpose. Such purposes could include, without limitation, issuance for cash as a means of obtaining capital for use by the Company, or issuance as part or all of the consideration required to be paid by the Company for acquisitions of other businesses or assets.

Any issuance of preferred stock with voting rights could, under certain circumstances, have the effect of delaying or preventing a change in control of the Company by increasing the number of outstanding shares entitled to vote and by increasing the number of votes required to approve a change in control of the Company. Shares of voting or convertible preferred stock could be issued, or rights to purchase such shares could be issued, to render more difficult or discourage an attempt to obtain control of the Company by means of a tender offer, proxy contest, merger or otherwise. The ability of the board of directors to issue such additional shares of preferred stock, with the rights and preferences it deems advisable, could discourage an attempt by a party to acquire control of the Company by tender offer or other means. Such issuances could therefore deprive stockholders of benefits that could result from such an attempt, such as the realization of a premium over the market price that such an attempt could cause. Moreover, the issuance of such additional shares of preferred stock to persons friendly to the Board could make it more difficult to remove incumbent managers and directors from office even if such change were to be favorable to stockholders generally.

While the amendment may have anti-takeover ramifications, the Board believes that the financial flexibility offered by the amendment outweighs any disadvantages. To the extent that the amendment may have anti-takeover effects, the amendment may encourage persons seeking to acquire the Company to negotiate directly with the Board enabling the Board to consider the proposed transaction in a manner that best serves the stockholders' interests.

Unless marked otherwise, proxies received will be voted "FOR" the approval of this Proposal No. 2. amending the certificate of incorporation of the Company requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of the Company.

RECOMMENDATION OF THE BOARD FOR PROPOSAL NO. 2:

THE BOARD RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT OF THE CERTIFICATE OF INCORPORATION.

4

PROPOSAL NO. 3

APPROVAL OF THE 2003 EMPLOYEE STOCK OPTION PLAN

At the Annual Meeting, the Company's stockholders are being asked to approve the 2003 Employee Stock Option Plan (the "2003 Option Plan") and to authorize 25,000,000 shares of Common Stock for issuance thereunder. The following is a summary of principal features of the 2003 Option Plan. The summary, however, does not purport to be a complete description of all the

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

provisions of the 2003 Option Plan. Any stockholder of the Company who wishes to obtain a copy of the actual plan document may do so upon written request to the Company's Secretary, Thomas F. Conroy, at the Company's principal offices at P.O. Box 774327, Steamboat Springs, Colorado 80477.

GENERAL

The 2003 Option Plan was adopted by the Board of Directors in o. The Board of Directors has initially reserved 25,000,000 shares of Common Stock for issuance under the 2003 Option Plan. Under the Plan, options may be granted which are intended to qualify as Incentive Stock Options ("ISOs") under Section 422 of the Internal Revenue Code of 1986 (the "Code") or which are not ("Non-ISOs") intended to qualify as Incentive Stock Options thereunder.

The 2003 Option Plan and the right of participants to make purchases thereunder are intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). The 2003 Option Plan is not a qualified deferred compensation plan under Section 401(a) of the Internal Revenue Code and is not subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

PURPOSE

The primary purpose of the 2003 Option Plan is to attract and retain the best available personnel for the Company in order to promote the success of the Company's business and to facilitate the ownership of the Company's stock by employees. In the event that the 2003 Option Plan is not adopted the Company may have considerable difficulty in attracting and retaining qualified personnel, officers, directors and consultants.

ADMINISTRATION

The 2003 Option Plan, when approved, will be administered by the Company's Board of Directors, as the Board of Directors may be composed from time to time. All questions of interpretation of the 2003 Option Plan are determined by the Board, and its decisions are final and binding upon all participants. Any determination by a majority of the members of the Board of Directors at any meeting, or by written consent in lieu of a meeting, shall be deemed to have been made by the whole Board of Directors.

Notwithstanding the foregoing, the Board of Directors may at any time, or from time to time, appoint a committee (the "Committee") of at least two members of the Board of Directors, and delegate to the Committee the authority of the Board of Directors to administer the Plan. Upon such appointment and delegation, the Committee shall have all the powers, privileges and duties of the Board of Directors, and shall be substituted for the Board of Directors, in the administration of the Plan, subject to certain limitations.

Members of the Board of Directors who are eligible employees are permitted to participate in the 2003 Option Plan, provided that any such eligible member may not vote on any matter affecting the administration of the 2003 Option Plan or the grant of any option pursuant to it, or serve on a committee appointed to administer the 2003 Option Plan. In the event that any member of the Board of Directors is at any time not a "disinterested person", as defined in Rule 16b-3(c) (3) (i) promulgated pursuant to the Securities Exchange Act of 1934, the Plan shall not be administered by the Board of Directors, and may only be administered by a Committee, all the members of which are disinterested persons, as so defined.

ELIGIBILITY

Under the 2003 Option Plan, options may be granted to key employees,

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

officers, directors or consultants of the Company, as provided in the 2003 Option Plan.

5

TERMS OF OPTIONS

The term of each Option granted under the Plan shall be contained in a stock option agreement between the Optionee and the Company and such terms shall be determined by the Board of Directors consistent with the provisions of the Plan, including the following:

- (a) PURCHASE PRICE. The purchase price of the Common Shares subject to each ISO shall not be less than the fair market value (as set forth in the 2003 Option Plan), or in the case of the grant of an ISO to a Principal Stockholder, not less than 110% of fair market value of such Common Shares at the time such Option is granted. The purchase price of the Common Shares subject to each Non-ISO shall be determined at the time such Option is granted, but in no case less than 85% of the fair market value of such Common Shares at the time such Option is granted.
- (b) VESTING. The dates on which each Option (or portion thereof) shall be exercisable and the conditions precedent to such exercise, if any, shall be fixed by the Board of Directors, in its discretion, at the time such Option is granted.
- (c) EXPIRATION. The expiration of each Option shall be fixed by the Board of Directors, in its discretion, at the time such Option is granted; however, unless otherwise determined by the Board of Directors at the time such Option is granted, an Option shall be exercisable for ten (10) years after the date on which it was granted (the "Grant Date"). Each Option shall be subject to earlier termination as expressly provided in the 2003 Option Plan or as determined by the Board of Directors, in its discretion, at the time such Option is granted.
- (d) TRANSFERABILITY. No Option shall be transferable, except by will or the laws of descent and distribution, and any Option may be exercised during the lifetime of the Optionee only by him. No Option granted under the Plan shall be subject to execution, attachment or other process.
- (e) OPTION ADJUSTMENTS. The aggregate number and class of shares as to which Options may be granted under the Plan, the number and class shares covered by each outstanding Option and the exercise price per share thereof (but not the total price), and all such Options, shall each be proportionately adjusted for any increase decrease in the number of issued Common Shares resulting from split-up spin-off or consolidation of shares or any like Capital adjustment or the payment of any stock dividend.

Except as otherwise provided in the 2003 Option Plan, any Option granted hereunder shall terminate in the event of a merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation of the Company. However, the Optionee shall have the right immediately prior to any such transaction to exercise his Option in whole or in part notwithstanding any otherwise applicable vesting requirements.

- (f) TERMINATION, MODIFICATION AND AMENDMENT. The 2003 Option Plan (but not Options previously granted under the Plan) shall terminate ten (10) years from the earlier of the date of its adoption by the Board of

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

Directors on the date on which the Plan is approved by the affirmative vote of the holders of a majority of the outstanding shares of capital stock of the Company entitled to vote thereon, and no Option shall be granted after termination of the Plan. Subject to certain restrictions, the Plan may at any time be terminated and from time to time be modified or amended by the affirmative vote of the holders of a majority of the outstanding shares of the capital stock of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the State of Delaware.

FEDERAL INCOME TAX ASPECTS OF THE 2003 OPTION PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF THE EFFECT OF FEDERAL INCOME TAXATION UPON THE PARTICIPANTS AND THE COMPANY WITH RESPECT TO THE PURCHASE OF SHARES UNDER THE 2003 OPTION PLAN. THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE AND DOES NOT ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES TO TAXPAYERS WITH SPECIAL TAX STATUS. IN ADDITION, THIS SUMMARY DOES NOT DISCUSS THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE, AND DOES NOT DISCUSS ESTATE, GIFT OR OTHER TAX CONSEQUENCES OTHER THAN INCOME TAX CONSEQUENCES. THE COMPANY ADVISES EACH PARTICIPANT TO CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PARTICIPATION IN THE 2003 OPTION PLAN AND FOR REFERENCE TO APPLICABLE PROVISIONS OF THE CODE.

The 2003 Option Plan and the right of participants to make purchases thereunder are intended to qualify under the provisions of Sections 421, 422 and 423 of the Code. Under these provisions, no income will be recognized by a participant prior to disposition of shares acquired under the 2003 Option Plan.

6

If the shares are sold or otherwise disposed of (including by way of gift) more than two years after the first day of the offering period during which shares were purchased (the "Offering Date"), a participant will recognize as ordinary income at the time of such disposition the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price of the shares or (b) 15% of the fair market value of the shares on the first day of the offering period. Any further gain or loss upon such disposition will be treated as long-term capital gain or loss. If the shares are sold for a sale price less than the purchase price, there is no ordinary income and the participant has a capital loss for the difference.

If the shares are sold or otherwise disposed of (including by way of gift) before the expiration of the two-year holding period described above, the excess of the fair market value of the shares on the purchase date over the purchase price will be treated as ordinary income to the participant. This excess will constitute ordinary income in the year of sale or other disposition even if no gain is realized on the sale or a gift of the shares is made. The balance of any gain or loss will be treated as capital gain or loss and will be treated as long-term capital gain or loss if the shares have been held more than one year.

In the case of a participant who is subject to Section 16(b) of the Exchange Act, the purchase date for purposes of calculating such participant's compensation income and beginning of the capital gain holding period may be deferred for up to six months under certain circumstances. Such individuals should consult with their personal tax advisors prior to buying or selling shares under the 2003 Option Plan.

The ordinary income reported under the rules described above, added to the actual purchase price of the shares, determines the tax basis of the shares

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

for the purpose of determining capital gain or loss on a sale or exchange of the shares.

The Company is entitled to a deduction for amounts taxed as ordinary income to a participant only to the extent that ordinary income must be reported upon disposition of shares by the participant before the expiration of the two-year holding period described above.

RESTRICTIONS ON RESALE

Certain officers and directors of the Company may be deemed to be "affiliates" of the Company as that term is defined under the Securities Act. The Common Stock acquired under the 2003 Option Plan by an affiliate may be reoffered or resold only pursuant to an effective registration statement or pursuant to Rule 144 under the Securities Act or another exemption from the registration requirements of the Securities Act.

REQUIRED VOTE

The approval of the 2003 Option Plan and the reservation of 25,000,000 shares for issuance requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock present at the Annual Meeting in person or by proxy and entitled to vote and constituting at least a majority of the required quorum.

The proxy holders intend to vote the shares represented by proxies to approve, the 2003 Stock Option Plan.

RECOMMENDATION OF THE BOARD:

THE BOARD RECOMMENDS A VOTE FOR APPROVAL OF THE 2003 STOCK OPTION PLAN.

7

PROPOSAL NO. 4

ONE FOR TEN REVERSE SPLIT

At the Annual Meeting, the Company's stockholders are being asked to approve a Reverse Stock Split pursuant to which each ten currently outstanding shares of Common Stock (the "Old Shares") would be automatically converted into one share of Common Stock (the "New Shares"). The reason for the Reverse Stock Split is to increase the per share stock price. The Company believes that if it is successful in maintaining a higher stock price, the stock will generate greater interest among professional investors and institutions. If the Company is successful in generating interest among such entities, it is anticipated that the shares of its Common Stock would have greater liquidity and a stronger investor base. No assurance can be given, however, that the market price of the New Shares will rise in proportion to the reduction in the number of outstanding shares resulting from the Reverse Stock Split. The New Shares issued pursuant to the Reverse Stock Split will be fully paid and non-assessable. All New Shares will have the same par value, voting rights and other rights as Old Shares. Stockholders of the Company do not have preemptive rights to acquire additional shares of Common Stock, which may be issued.

The one for ten reverse Stock Split is being effectuated by reducing the number of issued and outstanding shares at the ratio of 10 to 1. Accordingly, as a result of the Reverse Stock Split, the Company will have approximately 0 authorized unissued shares, which shares may be issued in connection with acquisitions or subsequent financings. There can be no assurance

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

that the Company will be successful in making any such acquisitions or obtaining any such financings. In addition, the Reverse Stock Split has potentially dilutive effects on each of the shareholders. Each of the shareholders may be diluted to the extent that any of the authorized but unissued shares are subsequently issued.

The Reverse Stock Split will not alter any shareholder's percentage interest in the Company's equity, except to the extent that the Reverse Stock Split results in any of the Company's shareholders owning a fractional share. In lieu of issuing fractional shares, the Company will issue to any shareholder who otherwise would have been entitled to receive a fractional share as a result of the Reverse Split an additional full share of its common stock. The principal effects of the Reverse Stock Split will be that the number of shares of Common Stock issued and outstanding will be reduced from 58,550,302 to approximately 5,855,030.

In addition, commencing with the effective date of the Reverse Stock Split, all outstanding options entitling the holders thereof to purchase shares of the Company's common stock will entitle such holders to receive, upon exercise of their options, one-tenth of the number of shares of the Company's common stock which such holders may purchase upon exercise of their options. In addition, commencing on the effective date of the Reverse Stock Split, the exercise price of all outstanding options will be increased by a multiple of ten.

The Company believes that the Federal income tax consequences of the reverse stock split to holders of Common Stock will be as follows:

- (i) Except as explained in (v) below, no income gain or loss will be recognized by a shareholder on the surrender of the current shares or receipt of the certificate representing new post-split shares.
- (ii) Except as explained in (v) below, the tax basis of the New Shares will equal the tax basis of the Old Shares exchanged therefore.
- (iii) Except as explained in (v) below, the holding period of the New Shares will include the holding period of the Old Shares if such Old Shares were held as capital assets.
- (iv) The conversion of the Old Shares into the new shares will produce no taxable income or gain or loss to the Company.
- (v) The Federal income tax treatment of the receipt of the additional fractional interest by a shareholder is not clear and may result in tax liability not material in amount in view of the low value of such fractional interest.

The Company's opinion is not binding upon the Internal Revenue Service or the courts, and there can be no assurance that the Internal Revenue Service or the courts will accept the positions expressed above.

THE ABOVE REFERENCED IS A BRIEF SUMMARY OF THE EFFECT OF FEDERAL INCOME TAXATION UPON THE PARTICIPANTS AND THE COMPANY WITH RESPECT TO THE REVERSE STOCK SPLIT. THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE AND DOES NOT ADDRESS THE FEDERAL

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

INCOME TAX CONSEQUENCES TO TAXPAYERS WITH SPECIAL TAX STATUS. IN ADDITION, THIS SUMMARY DOES NOT DISCUSS THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE, AND DOES NOT DISCUSS ESTATE, GIFT OR OTHER TAX CONSEQUENCES OTHER THAN INCOME TAX CONSEQUENCES. THE COMPANY ADVISES EACH PARTICIPANT TO CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT AND FOR REFERENCE TO APPLICABLE PROVISIONS OF THE CODE.

PROPOSAL NO. 5 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

Ehrhardt Keefe Steiner & Hoffman PC has served as the Company's independent auditors since 0 and has been appointed by the Board to continue as the Company's independent auditors for the fiscal year ending December 31, 2002. In the event that ratification of this selection of auditors is not approved by a majority of the shares of Common Stock voting at the Annual Meeting in person or by proxy, the Board will reconsider its selection of auditors. 0 has no interest, financial or otherwise, in the Company.

A representative of 0 is not expected to be present at the Annual Meeting.

The proxy holders intend to vote the shares represented by proxies to ratify the Board of Directors' selection of 0 as the Company's independent auditors for the fiscal year ending December 31, 2002.

AUDIT FEES

Fees related to the services performed by Ehrhardt Keefe Steiner & Hoffman PC for the year ended December 31, 2001 audit and September 30, 2001 quarterly review of Form 10QSB were \$_____.

ALL OTHER FEES

Fees related to the services performed by Ehrhardt Keefe Steiner & Hoffman PC other than the services described above in audit fees, principally tax services and other SEC filing requirements and matters were \$_____.

Approval of this proposal requires the affirmative vote of the majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

RECOMMENDATION OF THE BOARD

THE BOARD RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF EHRHARDT KEEFE STEINER & HOFFMAN PC AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002.

9

EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation received by Mr. Howard Cooper, the President of Teton, who serves as its chief executive officer for the last three fiscal years:

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

SUMMARY COMPENSATION TABLE

| Name and Principal Position ----- | Year ---- | Salary ----- | Securities Underlying Options ----- |
|---|--------------|-------------------|---|
| H. Howard Cooper, President | 2001 | \$210,000 (1) | -- |
| | 2000 | \$ 17,000 (2) (3) | -- |
| | 1999 | (3) | 1,000,000 |

 (1) \$180,907 of which was paid in 2001. The balance, \$29,093, was accrued in 2001 but not paid.

(2) Such amount was accrued in 2000 and paid in January 2001. Compensation is for one month's services.

(3) Prior to December 2000, Teton did not pay any cash compensation to any of its officers. However, pursuant to an unwritten consulting arrangement with Taimen Corporation, a corporation owned by Mr. Cooper, and of which Mr. Cooper and his spouse were the sole employees, Teton paid Taimen \$247,000 and \$128,560, respectively, during the fiscal years ended December 31, 2000 and 1999, for management and related services.

STOCK OPTIONS.

During the year ended December 31, 2001, Mr. Cooper did not exercise any of his stock options. Based on the average of the high and low bid for our common stock on December 31, 2001, as of December 31, 2001, Mr. Cooper did not hold any in-the-money stock options.

Employee Pension, Profit Sharing or Other Retirement Plans.

 The Company does not have a defined benefit, pension plan, profit sharing, or other retirement plan.

Compensation of Directors.

 The Company does not pay a director's fee to its directors. In the Company's sole discretion, the Company may issue stock options or warrants to its directors. The company expects to institute a Directors fee program to its Directors in 2003.

Employment Contracts.

 Teton and Mr. Cooper entered into a new employment agreement, effective May 1, 2002. The employment agreement is for a three year term. Mr. Cooper's initial salary under the agreement is \$160,000 per year. In the board's discretion, he and other Executive officers may receive additional bonus compensation as well as stock options. Mr. Cooper's employment is terminated immediately upon his death or permanent disability. Teton may also terminate Mr. Cooper's employment immediately for cause, as defined in the agreement. Mr. Cooper may terminate his employment immediately for good reason, as defined in the agreement. Additionally, either Teton or Mr. Cooper may terminate Mr. Cooper's employment upon 60 days prior written notice to the other. Upon termination of Mr. Cooper's employment without cause by Teton or for good reason by Mr. Cooper, Mr. Cooper is entitled to severance pay. The severance pay is equal to Mr. Cooper's salary for the preceding 24 months. Such severance may be paid in monthly installments over 24 months from the date of termination. Teton may discontinue the severance

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

payments if Mr. Cooper violates the confidentiality, noncompetition, or nonsolicitation provisions of his employment agreement. After the third year, the agreement is renewed from year to year by the Board of Directors, unless it is terminated as provided above.

Mr. Cooper's new agreement will replace the employment agreement dated effective December 1, 2000 (the "2000 Employment Agreement"). The 2000 Employment Agreement provided for an initial term of two years and an initial salary of \$210,000 per year. The 2000 Employment Agreement also provided that upon the termination of Mr. Cooper without his consent, except for terminations related to a criminal conviction, death, disability, incapacity, bankruptcy, insolvency, gross negligence, gross dereliction of duty, or gross misconduct, that Mr. Cooper was entitled to a lump sum payment equal to three months salary, based on the salary being paid to Mr. Cooper at the date of termination.

10

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following tables sets forth, as of o, the number of and percent of our common stock beneficially owned by (a) all directors and nominees, naming them, (b) our executive officers, (c) our directors and executive officers as a group, without naming them, and (d) persons or groups known by us to own beneficially 5% or more of our common stock:

| Name and Address of Beneficial Owner ----- | Amount and Nature of Beneficial Ownership ----- | Percent of Class ----- |
|---|---|------------------------------|
| H. Howard Cooper 2135 Burgess Creek Road Suite #7 P.O. Box 774327 Steamboat Springs, CO 80477 | 7,360,535 (1) | 12.6% |
| Thomas F. Conroy 3825 S. Colorado Blvd. Denver, CO 80110 | 356,110 (2) | * |
| James J. Woodcock 2404 Commerce Drive Midland, TX 79702 | 2,578,224 (3) | 4.4% |
| Karl F. Arleth P.O. Box 23507 0467 Lariat Loop Silverthorne, CO 80498 | 1,375,939 (4) | 2.4% |
| All executive officers and directors as a group (4 persons) ----- | 11,670,808 | 19.9% |

* Less than one percent.

(1) Includes 5,586,250 warrants.

(2) Includes 353,333 warrants.

(3) Includes 1,366,667 warrants.

(4) Includes 466,667 warrants

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Transactions Involving Mr. Howard Cooper and Ms. Anna Cooper.

Mr. Cooper and Teton have entered into an employment agreement. Mr. Cooper's employment agreement with Teton is discussed at "EXECUTIVE COMPENSATION - Employment Contracts."

Ms. Anna R. Cooper, Mr. Cooper's wife, is in the second year of a two year employment agreement with Teton. The employment agreement provides that Ms. Cooper's initial salary is \$78,000 per year. After the initial term, the agreement is renewed from year to year, with such changes agreed by the Board of Directors unless terminated by either party upon 90 days prior notice. The agreement provides that upon the termination of Ms. Cooper's employment without her consent, except for terminations related to a criminal conviction, death, disability, incapacity, bankruptcy, insolvency, gross negligence, gross dereliction of duty, or gross misconduct, that Ms. Cooper is entitled to a lump sum payment equal to three months salary, based on the salary being paid to Ms. Cooper at the date of termination.

11

Prior to December 1, 2000, Teton had a consulting arrangement with Taimen Corporation, to provide Teton with consulting and management services. Mr. Cooper was the director and president of Taimen Corporation. Mr. Cooper and Ms. Cooper were the sole employees of Taimen. Teton paid Taimen a total of \$247,000 during the fiscal year ended December 31, 2000 and a total of \$128,560 for the fiscal year ended December 31, 1999.

In 2001, Mr. Cooper loaned \$137,000 to Teton. Such loan, together with interest at 8.28% per annum was due on February 1, 2002. The due date was subsequent extended to April 15, 2002, and was paid in full in April 2002.

The Board of Directors believes that the terms of these transactions with its management were at least as favorable to the Company as those terms which the Company could have obtained from unrelated third parties through arms-length negotiations.

12

OTHER BUSINESS

The Board of Directors is not aware of any other business that will come before the Meeting, but if any such matters are properly presented, the proxies solicited hereby will be voted in accordance with the best judgment of the persons holding the proxies. All shares represented by duly executed proxies will be voted at the Meeting.

STOCKHOLDER PROPOSALS

Stockholders who wish to submit proposals pursuant to Rule 14a-8 of the 1934 Act for inclusion in the Proxy Statement for the Company's 2003 Annual Meeting of Stockholders must submit the same to Thomas F. Conroy, the Secretary of Teton Petroleum Company on or before 60 days prior to the Company's principal executive office, P.O. Box 774327, Steamboat Springs, Colorado 80477.

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

AVAILABILITY OF CERTAIN DOCUMENTS REFERRED TO HEREIN

This proxy statement refers to certain documents of the company that are not presented herein or delivered herewith. Such documents are available to any person, including any beneficial owner, to whom this proxy statement is delivered, upon oral or written request, without charge, directed to o, Teton Petroleum Company, P.O. Box 774327, Steamboat Springs, Colorado 80477, telephone number o. In order to ensure timely delivery of the documents, such requests should be made by o, 2003.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to mark, date, execute and promptly return the accompanying proxy card in the enclosed envelope.

By Order of the Board of Directors,

/s/ H. Howard Cooper

H. Howard Cooper
President

Steamboat Springs, Colorado

January o, 2003

PROXY

PROXY

TETON PETROLEUM COMPANY

PROXY FOR ANNUAL MEETING TO BE HELD ON MARCH 19, 2003
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints H. Howard Cooper, as proxy, with the power to appoint his substitute, to represent and to vote all the shares of common stock of Teton Petroleum Company (the "Company"), which the undersigned would be entitled to vote, at the Company's Annual Meeting of Stockholders to be held on March 19, 2003 and at any adjournments thereof, subject to the directions indicated on the reverse side hereof.

In their discretion, the proxy is authorized to vote upon any other matter that may properly come before the meeting or any adjournments thereof.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE, BUT IF NO CHOICES ARE INDICATED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE PROPOSALS LISTED ON THE REVERSE SIDE.

IMPORTANT--This Proxy must be signed and dated on the reverse side.

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

THIS IS YOUR PROXY
YOUR VOTE IS IMPORTANT!

Dear Stockholder:

We cordially invite you to attend the Annual Meeting of Stockholders of Teton Petroleum Company to be held at o, Steamboat Springs, Colorado 80477 on March 19, 2003 at 10:00 a.m. (local time).

Please read the proxy statement which describes the proposals and presents other important information, and complete, sign and return your proxy promptly in the enclosed envelope.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSALS 1-3

| | | | |
|--------------------------|----|--------------------------|--------------------------|
| 1. Election of Directors | -- | FOR | WITHHOLD |
| Nominees: | | | |
| ----- | | | |
| H. Howard Cooper | | <input type="checkbox"/> | <input type="checkbox"/> |
| Thomas F. Conroy | | <input type="checkbox"/> | <input type="checkbox"/> |
| Karl F. Arleth | | <input type="checkbox"/> | <input type="checkbox"/> |
| James F. Woodcock | | <input type="checkbox"/> | <input type="checkbox"/> |

(Except nominee(s) written above)

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| | FOR | AGAINST | ABSTAIN |
| 2. Proposal to approve an amendment to the Articles of Incorporation to increase the number of authorized shares of common stock and create blank check preferred stock | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Proposal to adopt the 2002 Stock Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Proposal to approve the Reverse Stock Split | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Proposal to ratify Ehrhardt Keefe Steiner & Hoffman PC as Independent Auditors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you plan to attend the Annual Meeting please mark this box

Dated: _____, 2003

Signature _____

Name (printed) _____

Title _____

Important: Please sign exactly as name appears on this proxy. When signing as

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

attorney, executor, trustee, guardian, corporate officer, etc., please indicate full title.

FOLD AND DETACH HERE

15

VOTE BY TELEPHONE OR INTERNET
QUICK *** EASY *** IMMEDIATE

TETON PETROLEUM COMPANY

- o You can now vote your shares electronically through the Internet or the telephone.
- o This eliminates the need to return the proxy card.
- o Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card.

TO VOTE YOUR PROXY BY INTERNET
WWW.

Have your proxy card in hand when you access the above website. You will be prompted to enter the company number, proxy number and account number to create an electronic ballot. Follow the prompts to vote your shares.

TO VOTE YOUR PROXY BY MAIL

Mark, sign and date your proxy card above, detach it and return it in the postage-paid envelope provided.

TO VOTE YOUR PROXY BY PHONE
1-800-

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call. You will be prompted to enter the company number, proxy number and account number. Follow the voting instructions to vote your shares.

PLEASE DO NOT RETURN THE ABOVE CARD IF VOTED
ELECTRONICALLY

16

EXHIBIT A

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF
TETON PETROLEUM COMPANY

The undersigned, being the President of TETON PETROLEUM COMPANY a corporation existing under the laws of the State of Delaware, does hereby certify under the seal of the said corporation as follows:

1. The certificate of incorporation of the Corporation is hereby amended by replacing Article Fourth, in its entirety, with the following:

"FOURTH: The Corporation is authorized to issue two classes of

Edgar Filing: TETON PETROLEUM CO - Form PRE 14A

stock. One class of stock shall be Common Stock, par value \$0.001. The second class of stock shall be Preferred Stock, par value \$0.001. The Preferred Stock, or any series thereof, shall have such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be expressed in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors and may be made dependent upon facts ascertainable outside such resolution or resolutions of the Board of Directors, provided that the matter in which such facts shall operate upon such designations, preferences, rights and qualifications; limitations or restrictions of such class or series of stock is clearly and expressly set forth in the resolution or resolutions providing for the issuance of such stock by the Board of Directors.

The total number of shares of stock of each class which the Corporation shall have authority to issue and the par value of each share of each class of stock are as follows:

| Class | Par Value | Authorized Shares |
|-----------|-----------|-------------------|
| ----- | ----- | ----- |
| Common | \$0.001 | 2500,000,000 |
| Preferred | \$0.001 | 25,000,000 |
| | | ----- |
| Totals: | | 275,000,000 |

3. The amendment of the certificate of incorporation herein certified has been duly adopted by the unanimous written consent of the Corporation's Board of Directors and a majority of the Corporation's stockholders in accordance with the provisions of Sections 141(f), 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be hereunto affixed and this Certificate of Amendment of the Corporation's Certificate of Incorporation, as amended, to be signed by H. Howard Cooper, its President, this ___ day of February 2003.

TETON PETROLEUM COMPANY

By: /s/ _____
H. Howard Cooper, President