TETON ENERGY CORP
Form 424B5
July 27, 2006

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-132451

PROSPECTUS SUPPLEMENT
(to Prospectus dated April 3, 2006)

2,000,000 Shares of Common Stock

TETON ENERGY CORPORATION

We are offering 2,000,000 shares of our common stock in this offering. Our common stock is listed on the American Stock Exchange under the symbol "TEC." The closing sale price of our common stock, as reported on the American Stock Exchange on July 26, 2006 was $5.60.

You should read this prospectus supplement and the related prospectus dated April 3, 2006, carefully before you invest in our securities.

Investing in our common stock involves a high degree of risk. See "Risk Factors," beginning on page S-7 of this prospectus supplement.

	Per Share	Total
Public offering price	$ 5.20	$ 10,400,000
Underwriting discount	$ 0.31	$ 620,000
Proceeds, before expenses, to us	$ 4.89	$ 9,780,000

The underwriter may also purchase up to an additional 300,000 shares of our common stock from us at the offering price on the same terms and conditions as set forth above, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments, if any. If the over-allotment option is exercised in full, we will receive additional proceeds, before expenses, of $1,467,000.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The shares will be ready for delivery on or about August 1, 2006.

PETRIE PARKMAN & Co.

The date of this prospectus supplement is July 27, 2006

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Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and accompanying prospectus are part of a registration statement on Form S-3 (File No. 333-132451) that we filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process and that was declared effective on March 31, 2006. Under the shelf registration process, of which this offering is a part, we may, from time to time, sell an indeterminate amount of common stock, warrants, depositary shares, stock purchase contracts, stock purchase units, preferred stock or debt securities, up to a total dollar amount of $50,000,000.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the common stock being offered by us, and also adds, updates and changes information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus dated April 3, 2006, gives more general information, some of which may not apply to this offering of common stock. To the extent that the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement controls. You should read the entire prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

You should rely only on the information incorporated by reference or provided in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with additional or different information. This prospectus supplement and the accompanying prospectus are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should not assume that the information in this prospectus supplement and the accompanying prospectus or in any document incorporated by reference in this prospectus or any accompanying prospectus supplement is accurate as of any date other than the date of this document.

Unless otherwise stated, information in this prospectus supplement assumes that the underwriter will not exercise the over-allotment option to purchase additional shares of our common stock and no other person will exercise any other outstanding options or warrants to purchase shares of our common stock.

Unless the context requires otherwise or unless otherwise noted, all references in this prospectus supplement or any accompanying prospectus to "Company," "Teton," "we," "us" and "our" are to Teton Energy Corporation and its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain statements that we believe to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding our future financial position, business strategy, projected revenues, earnings, costs, capital expenditures and debt levels, and plans and objectives of management for future operations, are forward-looking statements. When used in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference, words such as we "expect," "intend," "plan," "estimate," "anticipate," "believe," or "should" or the negative thereof or variations thereon or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties include:

- declines in oil or natural gas prices;
- our level of success in exploitation, exploration, development and production activities;
- the timing of our exploration and development expenditures, including our ability to obtain drilling rigs;
- our ability to obtain external capital to finance acquisitions;
- our ability to identify and complete acquisitions;
- our ability successfully to integrate acquired businesses and properties;
- inaccuracies of our reserve estimates or our assumptions underlying them;
- failure of our properties to yield oil or natural gas in commercially viable quantities;
- our inability to access oil and natural gas markets due to market conditions or operational impediments;
- the impact and costs of compliance with laws and regulations governing our oil and natural gas operations; and
- risks related to our level of indebtedness and periodic redeterminations of our borrowing base under our credit facility.

We assume no obligation, and disclaim any duty, to update the forward-looking statements in this prospectus supplement, the accompanying prospectus or the documents we incorporate by reference.

TAX CONSIDERATIONS

We are not providing any tax advice as to the acquisition, holding or disposition of the shares of our common stock offered herein. In making an investment decision, investors are strongly encouraged to consult their own tax advisor to determine the U.S. federal, state and any applicable foreign tax consequences relating to their investment in our common stock.

PROSPECTUS SUPPLEMENT
SUMMARY

This summary highlights selected information about us. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including the "Risk Factors" section and the financial statements and related notes, before making an investment decision in our common stock. Unless the context requires otherwise or unless otherwise noted, all references in this prospectus supplement or the accompanying prospectus to "Company," "Teton", "we," "us," and "our" are to Teton Energy Corporation and its subsidiaries.

About the Company

The Company was formed in November 1996 and is incorporated in the State of Delaware. We are an independent energy company engaged primarily in the development, production and marketing of natural gas and oil in North America. Our strategy is to increase shareholder value by growing reserves and production, primarily through acquiring what we believe to be under-valued properties with reasonable risk-reward potential and by participating in or actively conducting drilling operations in order to exploit our properties. We seek exploration and development projects that we believe are high quality with potential for providing long-term drilling inventories that generate high returns. Our principal offices are located at 410 Seventeenth Street, Suite 1850, Denver, Colorado 80202. Our main telephone number is (303) 565-4600. We maintain a website at *www.teton-energy.com*. Information that may be found on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

Our current operations are focused in three basins in the Rocky Mountain region of the United States. From our inception until 2004, we were engaged primarily in oil and gas exploration, development, and production in Western Siberia, Russia. In July 2004, our shareholders voted to sell our Russian operations to our Russian partner. We received gross proceeds of $15,000,000 from the sale.

Currently, we are actively pursuing exploration and development opportunities in North America. In February 2005, we acquired 25% of the membership interests in Piceance Gas Resources, LLC, a Colorado limited liability company, or Piceance LLC. Piceance LLC owned certain oil and gas rights and leasehold assets covering 6,314 acres in the Piceance Basin in western Colorado. The properties owned by Piceance LLC carried a net revenue interest of 78.75%. During the first quarter of 2006, the members of Piceance LLC applied to the fee owner of the land on which Piceance LLC's oil and gas rights and leases were located to transfer the interests directly to each of the members. That transfer occurred on February 28, 2006. We now own an undivided 25% working interest (19.69% net revenue interest) in a 6,314-acre block located in Garfield County, Colorado. Berry Petroleum Company is currently the operator of our Piceance Basin acreage having purchased a 50% working interest in such block for approximately $159 million in February 2006.

In May 2006 we acquired from American Oil & Gas, Inc., a 25% leasehold interest in certain undeveloped oil and gas leases covering approximately 58,000 net mineral acres in the Williston Basin in North Dakota. The purchase price was approximately $6.17 million or approximately $420 per acre for the 25% interest. At closing, we paid $2.46 million to the seller, which was funded from cash on hand. The remaining $3.69 million will be paid to the seller between closing and June 1, 2007, and will be used to fund the seller's 50% working interest for drilling and completion on the first two wells. The $3.69 million is in addition to our obligation to fund our own 25% working interest in all drilling and completion costs over the same period. In the event the costs associated with drilling these two wells are not incurred or are less than $3.69 million, we are required to pay such balance to the seller by June 1, 2007. Evertson Operating Company is the operator of our Williston Basin acreage.

During the first six months of 2005, we acquired a 100% working interest in over 182,000 undeveloped acres in the eastern Denver-Julesburg Basin, or the DJ Basin, located in Nebraska near the Nebraska-Colorado border. On January 27, 2006, we closed on an acreage earning agreement with Noble Energy, Inc., or Noble. The terms of the acreage earning agreement enable Noble to earn into a 75% working interest in and operate our DJ Basin acreage by the payment of $3 million and the drilling and completion of 20 wells on or before March 1, 2007, with a minimum of 10 wells to be drilled and completed by December 31, 2006. In the event Noble fails to complete the minimum wells called for by each of these milestones, its right to drill additional oil and gas wells will terminate; however, Noble will retain an interest in the wells drilled, but without the right to drill additional wells on the portion of the drilled lease so assigned.

The Company had 12,262,392 shares of common stock outstanding as of June 30, 2006.

Business Strategy

Our objective is to generate growth and high returns for our shareholders by expanding our natural gas and oil reserves, production, and revenues through a strategy that includes the following key elements:

Pursue Attractive Reserve and Leasehold Acquisitions. To date, acquisitions have been critical in establishing our asset base. We believe that we are well positioned, given our initial success in identifying and closing on opportunities in the Piceance, Williston and DJ Basins, to effect acquisitions that we believe can provide upside potential, including long-term drilling inventories and undeveloped leasehold positions with attractive return characteristics. Our focus is to acquire assets that we believe provide the opportunity for developmental drilling and/or the drilling of extensional step out wells, which we believe provide us with upside potential while not exposing us to the risks associated with drilling new field wildcat wells in frontier basins.

Pursue Selective Complementary Acquisitions. We seek to acquire long-lived producing properties with a high degree of operating control, or oil and gas entities that we believe are known to be competent in the area, that offer what we believe are opportunities to increase our natural gas and crude oil reserves profitably.

Drive Growth Through Drilling. We plan to grow our reserves and production through drilling operations. In 2005, we participated in drilling 10 gross wells on our Piceance Basin acreage, of which we have a 25% interest, and our current plans are to participate in drilling an additional 30 gross wells on Piceance acreage and 10 gross wells on our DJ Basin acreage in 2006.

Maximize Operational Control. To date, we do not own any assets for which we are the operator. We believe that it is strategically important to our future growth and maturation as an independent exploration and production company to be able to serve as operator of our properties when possible, because we believe that operating our properties would enable us to exert greater control over the costs, timing, and manner of our exploration, development and production activities.

Operate Efficiently, Effectively and Maximize Economies of Scale Where Practical. We believe that our unit cost structure will benefit from economies of scale as we grow and from our continuing cost management initiatives. As we manage our growth, we are actively focusing on reducing lease operating expenses and finding and development costs, and keeping our general and administrative costs at an acceptable level relative to the complexity of our operations and rate of growth. In addition, our acquisition efforts are geared toward pursuing opportunities that we believe fit within existing operations or in areas where we are establishing new operations or where we believe that a base of existing production will produce an adequate foundation for economies of scale necessary to grow a business within a geography or business segment.

Recent Developments

On May 18, 2006, we appointed Bill I. Pennington as our Chief Financial Officer. The appointment was effective June 1, 2006. From 1994 to 2004, Mr. Pennington served in several roles for Inland Resources, Inc., including as its President, Chief Financial Officer, and as a Director. From 1987 to 1994, Mr. Pennington was President, Chief Financial Officer and Director of Lomax Exploration Company, a private oil and gas company that was merged with Inland in 1994. Prior to 1987, Mr. Pennington served in a number of accounting capacities with Coopers & Lybrand and Arthur Young Co., including the audit function, and assisted his clients with debt financings, corporate restructurings and initial public offerings.

In May 2006, in connection with our acquisition of a 25% interest in a Bakken oil play controlled by American Oil & Gas, Inc., or American, we have accrued a liability for approximately $3.7 million related to purchase consideration which is payable to American through June 1, 2007.

On June 14, 2006, we (including each of our subsidiaries as guarantors) entered into a revolving credit facility with BNP Paribas. BNP Paribas also serves as the administrative agent for additional lenders, which additional lenders will be added to the credit facility in the future. This bank line of credit has a face value of $50 million and has an initial borrowing base of $3,000,000. Future borrowing bases will be computed based on proved natural gas and oil reserves. This credit facility matures on June 15, 2010. The revolving credit facility is secured by natural gas and oil properties representing at least 90% of the value of our proved reserves and the pledge of all of the capital stock of our subsidiaries. As of July 26, 2006, we had no amounts outstanding under the revolving credit facility. The credit facility contains certain financial covenants. We are currently in compliance with all financial covenants.

On June 28, 2006, the Company appointed Robert F. Bailey to the Company's board of directors effective immediately. Mr. Bailey will serve on the board's Audit Committee and the Governance and Nominating Committee.

From April 1, 2006 through June 30, 2006, we received proceeds of $1,239,732 from the exercise of options to purchase 350,900 shares of common stock. From April 1, 2006 through July 26, 2006, we received proceeds of $827,358 from the exercise of warrants to purchase 172,066 shares of common stock.

During the quarter ended June 30, 2006, we participated in the drilling of six wells and the completion of seven wells in our Piceance Basin project. Our preliminary results for this quarter indicate that production is estimated at approximately 1.4 mmcfd as compared to average production of 0.5 mmcfd in the quarter ended March 31, 2006 (45.6 mmcf total production), an increase of 180%. Since the end of the quarter ended June 30, 2006, we and our partners have initiated the drilling of one additional Piceance well and brought four additional wells onto production, bringing the project totals to 20 gross wells drilled, one well being drilled, 14 gross wells producing, and six wells awaiting completion. We and our partners also recently changed the contract for gas gathering and transportation services from Williams Energy, Inc. to Encana Corp.

Noble, the operator of our 182,000 acre block in the DJ Basin, has begun its initial evaluation of the property, which will continue over the remainder of 2006. We are being carried for the initial 20 wells that will be drilled on this acreage, meaning that Noble has agreed to fund our portion of the costs of drilling these wells.

In the Williston Basin, current plans call for Evertson Operating Co., operator for the project, to drill the first Bakken well in the September-October timeframe with a tri-lateral completion.

Our board has recently authorized a mid-year revision of our 2006 capital budget from $12 million to $17.8 million. The increase of $5.8 million will cover an increase from 20 gross wells to 30 gross wells in the Piceance Basin and our 25% interest in, and partner carry of, one well in the Williston Basin.

The Offering

Issuer:	Teton Energy Corporation, a Delaware corporation
Securities Offered:	2,000,000 shares of common stock, par value $0.001
Offering Price:	$5.20 for each share of common stock
Common Stock Outstanding After the Offering:	14,262,392 shares
Over-allotment Option to Purchase Additional Shares:	To the extent that the underwriter sells more than 2,000,000 shares of common stock, the underwriter has the option to purchase up to 300,000 additional shares of common stock at the public offering price, less underwriting discount, within 30 days from the date of the prospectus supplement. If the underwriter exercises its over-allotment option in full, we will offer an aggregate of 2,300,000 shares and will have 14,562,392 shares of common stock outstanding after the offering.
Use of Proceeds:	We estimate that the net proceeds of this offering, after giving effect to underwriting discounts and estimated expenses payable by us, will be approximately $9,364,000. We intend to use the net proceeds from this offering to fund a portion of our capital expenditure program and for general corporate purposes.
Dividends:	We have not declared or paid cash dividends on our common stock in the past. There is no guarantee that we may ever pay a cash dividend on our common stock.
Risk Factors:	See "Risk Factors" and other information included in this prospectus supplement beginning on page S-7 for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
American Stock Exchange Symbol:	TEC

The number of shares of common stock that will be outstanding after the offering excludes:

- any of the 300,000 additional shares of common stock issuable pursuant to the underwriter's over-allotment option;

- 2,524,434 shares of common stock issuable upon the exercise of stock options outstanding as of July 17, 2006, at a weighted average exercise price of $3.54;

- 928,655 shares of common stock issuable upon the exercise of common stock purchase warrants outstanding as of July 26, 2006 at an exercise price of $3.25 per share; and

- 1,197,500 shares of common stock issuable upon the satisfaction of basic performance targets or 2,395,000 shares of common stock issuable upon satisfaction of the stretch performance targets under the Company's 2005 Long-Term Incentive Plan in each of 2006, 2007, and 2008.

RISK FACTORS

Investing in our securities involves risks. Before making an investment decision, you should carefully consider the risks described below, in the accompanying prospectus, and in our Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated by reference herein, each of which set forth additional important risks and uncertainties that could materially adversely affect our business, financial condition or operating results. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also impair our business, financial condition, or operating results.

Risks Related to our Business

We have incurred significant losses. We expect future losses and we may never become profitable.

We have incurred significant losses in the past. The Company incurred net losses from continuing operations for the years ended December 31, 2005, 2004, and 2003 of $3,777,449, $5,193,281, and $4,036,164, respectively. The Company incurred a net loss of $1,262,265 for the quarter ended March 31, 2006. In addition, we had an accumulated deficit of $24,499,726 at December 31, 2005, and $25,762,352 at March 31, 2006. We may fail to achieve significant revenues or sustain profitability. There can be no assurance of when, if ever, we will be profitable or be able to maintain profitability.

If we are unable to obtain additional funding our business operations will be harmed.

We will require additional funding to meet increasing capital costs associated with our operations. Based on our operating partners' current capital expenditures, we may be unable to participate in additional wells if we are unable to secure additional funding. Although we may receive approximately $9,364,000 from the sale of securities under this prospectus supplement and the accompanying prospectus, there are no assurances that this offering or any future offerings will be successful, nor can we estimate when, if such offerings are successful, these offerings may close and capital will become available to us. In addition, although our revolving credit facility provides for availability of up to $50,000,000, our current borrowing base is only $3,000,000 and we cannot assure you that our borrowing base will be increased or that additional advances will be made under the revolving credit facility. We do not know if additional financing will be available when needed, or if it is available, if it will be available on acceptable terms. Lack of additional funds may prevent us from implementing our business strategy.

Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition, or results of operations.

Our future success will depend on the success of our exploitation, exploration, development, and production activities. Our oil and natural gas exploration and production activities are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable oil or natural gas production. Our decisions to purchase, explore, develop, or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. Our cost of drilling, completing and operating wells are often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay, or cancel drilling, including the following:

- delays imposed by or resulting from compliance with regulatory requirements;

- pressure or irregularities in geological formations;

- shortages of or delays in obtaining equipment, including drilling rigs, and qualified personnel;

equipment failures or accidents;

adverse weather conditions;

reductions in oil and natural gas prices;

title problems; and

limitations in the market for oil and natural gas.

Our business involves numerous operating hazards for which our insurance and other contractual rights may not adequately cover our potential losses.

Our operations are subject to certain hazards inherent in drilling for oil or natural gas, such as blowouts, reservoir damage, loss of production, loss of well control, punchthroughs, craterings, or fires. The occurrence of these events could result in the suspension of drilling operations, equipment shortages, damage to or destruction of the equipment involved and injury or death to rig personnel. Operations also may be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services or personnel shortages. Damage to the environment could also result from our operations, particularly through oil spillage or extensive uncontrolled fires. We may also be subject to damage claims by other oil and gas companies.

Although we and/or our operating partners maintain insurance in the areas in which we operate, pollution and environmental risks generally are not fully insurable. Our insurance policies and contractual rights to indemnity may not adequately cover our losses, and we do not have insurance coverage or rights to indemnity for all risks. If a significant accident or other event occurs and is not fully covered by insurance or contractual indemnity, it could adversely affect our financial position and results of operations.

Acquisitions are a part of our business strategy and are subject to the risks and uncertainties of evaluating recoverable reserves and potential liabilities.

Our business strategy includes a continuing acquisition program. During 2005, we completed two separate leasehold acquisitions and in 2006 we completed a third leasehold acquisition. In addition to the leaseholds, we are seeking to acquire producing properties. Possible future acquisitions could result in our incurring additional debt, contingent liabilities, and expenses, all of which could have a material adverse effect on our financial condition and operating results. We could be subject to significant liabilities related to our acquisitions.

The successful acquisition of producing and non-producing properties requires an assessment of a number of factors, many of which are inherently inexact and may prove to be inaccurate. These factors include recoverable reserves, future oil and gas prices, estimates of operating costs, estimates of future development costs, estimates of the costs and timing of plugging and abandonment and potential environmental and other liabilities, title issues, and other factors. Our assessments of potential acquisitions will not reveal all existing or potential problems, nor will such assessments permit us to become familiar enough with the properties fully to assess their capabilities and deficiencies. In the course of our due diligence, we may not inspect every well, platform, or pipeline. Inspections may not reveal structural and environmental problems, such as pipeline corrosion or groundwater contamination, when they are made. We may not be able to obtain contractual indemnities from the seller for liabilities that we assume. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations. As a result, some of the acquired businesses or properties may not produce revenues, reserves, earnings or cash flow at anticipated levels and in connection with these acquisitions, we may assume liabilities that were not disclosed to or known by us or that exceed our estimates.

Our ability to complete acquisitions could be affected by competition with other companies and our ability to obtaining financing or regulatory approvals.

In pursuing acquisitions, we compete with other companies, many of which have greater financial and other resources to acquire attractive companies and properties. Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions. Our strategy of completing acquisitions is dependent upon, among other things, our ability to obtain debt and equity financing and, in some cases, regulatory approvals. Our ability to pursue our acquisition strategy may be hindered if we are not able to obtain financing or regulatory approvals.

Our acquisitions may pose integration risks and other difficulties.

In connection with future acquisitions, we may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, if at all, which could result in substantial costs and delays or other operational, technical or financial problems. In addition, future acquisitions could disrupt our ongoing business, distract management, divert resources, and make it difficult to maintain our current business standards, controls, and procedures.

Substantial acquisitions or other transactions could require significant external capital and could change our risk and property profile.

In order to finance acquisitions of additional producing properties, we may need to alter or increase our capitalization substantially through the issuance of debt or equity securities, the sale of production payments, or other means. These changes in capitalization may significantly affect our risk profile. Additionally, significant acquisitions or other transactions can change the character of our operations and business. The character of the new properties may be substantially different in operating or geological characteristics or geographic location than our existing properties. Furthermore, we may not be able to obtain external funding for future acquisitions, other transactions, or on terms acceptable to us.

There is currently a shortage of available drilling rigs and equipment which could cause us to experience higher costs and delays that could adversely affect our operations.

Although equipment and supplies used in our business are usually available from multiple sources, there is currently a general shortage of drilling equipment, drilling supplies, and personnel or firms that provide such services on a contract basis. We believe that these shortages are likely to intensify. The costs of equipment and supplies are substantially greater now than in prior periods and are currently escalating. In addition, the delivery time associated with such equipment and supplies is substantially longer from the date of order until receipt and continues to increase. We and our joint venture partners are also attempting to establish arrangements with others to assure adequate availability of certain other necessary drilling equipment and supplies on satisfactory terms, but there can be no guarantee that we will be able to do so. Accordingly, there can be no assurance that we will not experience shortages of, or material price increases in, drilling equipment and supplies, including drill pipe, in the future. Any such shortages could delay and adversely affect our ability to meet our drilling commitments.

We have limited control over activities on all of our properties, which could reduce our production and revenues.

All of our business activities are conducted through joint operating agreements under which we own partial non-operated interests in oil and natural gas properties. As we do not currently operate the properties in which we own an interest, we do not have control over normal operating procedures, expenditures, or future development of underlying properties. Consequently, our operating results are beyond our control. For instance, the failure of an operator of our wells to perform operations adequately, or an operator's breach of the applicable agreements, could reduce our production and revenues. In addition, the success and timing of our drilling and development activities on properties operated by others depends upon a number of factors outside of our control, including the operator's timing and amount of capital expenditures, expertise and financial resources, inclusion of other participants in drilling wells, and use of technology. Since we do not have a majority interest in our current properties, we may not be in a position to remove the operator in the event of poor performance.

We have no long-term contracts to sell oil and gas.

We do not have any long-term supply or similar agreements with governments or other authorities or entities for which we act as a producer. We are therefore dependent upon our ability to sell oil and gas at the prevailing wellhead market price. There can be no assurance that purchasers will be available or that the prices they are willing to pay will remain stable.

The marketability of our production depends mostly upon the availability, proximity and capacity of gas gathering systems, pipelines and processing facilities, which are owned by third parties.

The marketability of our production depends upon the availability, operation, and capacity of gas gathering systems, pipelines and processing facilities, which are owned by third parties. The unavailability or lack of capacity of these systems and facilities could result in the shut-in of producing wells or the delay or discontinuance of development plans for properties. We currently own an interest in several wells that are capable of producing but may be curtailed from time to time at some point in the future pending gas sales contract negotiations, as well as construction of gas gathering systems, pipelines, and processing facilities. United States federal, state, and foreign regulation of oil and gas production and transportation, tax and energy policies, damage to or destruction of pipelines, general economic conditions and changes in supply and demand could adversely affect our ability to produce and market oil and natural gas. If market factors change dramatically, the financial impact on us could be substantial. The availability of markets and the volatility of product prices are beyond our control and represent a significant risk.

Our credit facility has substantial restrictions and financial covenants and we may have difficulty obtaining additional credit, which could adversely affect our operations.

Our revolving credit facility limits the amounts we can borrow to a borrowing base amount, determined by the lenders in their sole discretion, based upon, among other things, our level of proven reserves and the projected revenues from the oil and natural gas properties securing our loan. The lenders can unilaterally adjust the borrowing base and the borrowings permitted to be outstanding under the revolving credit facility. Any increase in the borrowing base requires the consent of all of the lenders. If the lenders do not agree on an increase, then the borrowing base will be the lowest borrowing base acceptable to the required number of lenders. Outstanding borrowings in excess of the borrowing base must be repaid immediately, or we must pledge other oil and natural gas properties as additional collateral. Upon a downward adjustment of the borrowing base, if borrowings in excess of the revised borrowing base are outstanding, we could be forced to repay our indebtedness under the revolving credit facility if we do not have any substantial unpledged properties to pledge as additional collateral.

We may not have sufficient funds to make repayments under the revolving credit facility. We cannot assure you that we will be able to generate sufficient cash flow to pay the interest on our debt or that future borrowings, equity financings or proceeds from the sale of assets will be available to pay or refinance such debt. The terms of our revolving credit facility also may prohibit us from taking such actions. Factors that will affect our ability to raise cash through an offering of our capital stock, a refinancing of our debt or a sale of assets include financial market conditions and our market value and operating performance at the time of such offering or other financing. We cannot assure you that any such offering, refinancing or sale of assets can be successfully completed.

Our debt level and the covenants in the agreements governing our debt could negatively impact our financial condition, results of operations and business prospects.

Our level of indebtedness, and the covenants contained in the agreements governing our debt, could have important consequences for our operations, including:

- increasing our vulnerability to general adverse economic and industry conditions and detracting from our ability to withstand successfully a downturn in our business or the economy generally;
- requiring us to dedicate a substantial portion of our cash flow from operations to required payments on debt, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;
- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate and other activities;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- placing us at a competitive disadvantage relative to other less leveraged competitors; and
- making us vulnerable to increases in interest rates, because borrowings under our credit facility may be at rates prevailing at the time of each borrowing.

The instruments governing our indebtedness contain various covenants limiting the discretion of our management in operating our business.

Our revolving credit facility contains various restrictive covenants that limit our management's discretion in operating our business. In particular, these agreements will limit our and our subsidiaries' ability to, among other things:

- pay dividends on, redeem or repurchase our capital stock or redeem or repurchase our subordinated debt, if any;
- make loans to others;
- make investments;
- incur additional indebtedness or issue preferred stock;
- create certain liens;
- sell assets;

enter into agreements that restrict dividends or other payments from our subsidiaries to us;

consolidate, merge or transfer all or substantially all of the assets of us and our subsidiaries taken as a whole;

engage in transactions with affiliates;

enter into hedging contracts;

create unrestricted subsidiaries; and

enter into sale and leaseback transactions.

In addition, our revolving credit facility also requires us to maintain a certain working capital ratio and a certain debt to EBITDAX (as defined in the revolving credit facility) ratio. If we fail to comply with the restrictions in the revolving credit facility (or any other subsequent financing agreements), a default may allow the creditors (if the agreements so provide) to accelerate the related indebtedness as well as any other indebtedness to which a cross-acceleration or cross-default provision applies. In addition, lenders may be able to terminate any commitments they had made to make available further funds.

Our development and exploration operations require substantial capital and we may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a loss of properties and a decline in our natural gas and oil reserves.

The oil and natural gas industry is capital intensive. We make and expect to continue to make substantial capital expenditures in our business and operations for the exploration for and development, production and acquisition of oil and natural gas reserves. To date, we have financed capital expenditures primarily with equity financings as well as from cash generated from the sale of our Russian operations. We intend to finance our future capital expenditures with cash flow from operations and our existing financing arrangements. Our cash flow from operations and access to capital are subject to a number of variables, including:

- our proved reserves;
- the level of oil and natural gas we are able to produce from existing wells;
- the prices at which oil and natural gas are sold; and
- our ability to acquire, locate and produce new reserves.

If our revenues or the borrowing base under our revolving credit facility decreases as a result of lower oil and natural gas prices, operating difficulties, declines in reserves or for any other reason, then we may have limited ability to obtain the capital necessary to sustain our operations at current levels. We may, from time to time, need to seek additional financing. There can be no assurance as to the availability or terms of any additional financing.

If additional capital is needed, we may not be able to obtain debt or equity financing on terms favorable to us, or at all. If cash generated by operations or available under our revolving credit facility is not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to exploration and development of our prospects, which in turn could lead to a possible loss of properties and a decline in our natural gas and oil reserves.

Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

The process of estimating oil and natural gas reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown or incorporated by reference in this prospectus supplement or the accompanying prospectus.

In order to prepare our estimates, we must project production rates and timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Therefore, estimates of oil and natural gas reserves are inherently imprecise.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves most likely will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of reserves incorporated by reference in this prospectus supplement or the accompanying prospectus. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control.

You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated oil and natural gas reserves. In accordance with SEC requirements, we generally base the estimated discounted future net cash flows from our proved reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in the present value estimate.

Seasonal weather conditions and lease stipulations can adversely affect the conduct of drilling activities on our properties.

Oil and natural gas operations can be adversely affected by seasonal weather conditions and lease stipulations designed to protect various wildlife, particularly in the Rocky Mountain region where we currently operate. In certain areas, drilling and other oil and natural gas activities can only be conducted during the spring and summer months. This may limit operations in those areas and can intensify competition during those months for drilling rigs, oil field equipment, services, supplies and qualified personnel, which may lead to periodic shortages. Resulting shortages or high costs could delay our operations and materially increase our operating and capital costs.

Unless we replace our oil and natural gas reserves, our level of reserves and production will decline, which would adversely affect our cash flows and income.

Unless we conduct successful development, exploitation, and exploration activities or acquire properties containing proved reserves, our proved reserves will decline as those reserves are produced. Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our future oil and natural gas reserves and production, and, therefore our cash flow and income, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, exploit, find or acquire additional reserves to replace our current and future production.

We depend on key personnel.

We currently have only three employees that serve in senior management roles. In particular, our Chief Executive Officer Karl F. Arleth and our Vice President of Production, Andrew N. Schultz, are responsible for the operation of our oil and gas business and Bill I. Pennington, our Executive Vice President, Treasurer, and Chief Financial Officer, oversees our finance and administrative organizations. The loss of any one of these employees could severely harm our business. We do not currently maintain key man insurance on the lives of any of these individuals, and although we are in the process of attempting to secure such coverage, there is no guarantee that we will be able to obtain such coverage. Furthermore, competition for experienced personnel is intense. If we cannot retain our current personnel or attract additional experienced personnel, our ability to compete could be adversely affected.

Rising inflation and price increases could have a negative effect on the Company's value and increase our costs.

To date, we have had limited operations since the sale of our Russian operations and our re-launch in North America. We anticipate that we will experience increased costs during 2006, 2007, and 2008 due to increased demand for oil and gas field products and services. The oil and natural gas industry is cyclical and the demand for goods and services of oil field companies, suppliers and others associated with the industry can place extreme pressure on the economic stability and pricing structure within the industry. Typically, as prices for oil and natural gas increase, so do all associated costs. Historically in the oil and gas industry, material changes in prices also impact the current revenue stream, estimates of future reserves, borrowing base calculations of bank loans and values of properties in purchase and sale transactions. Material changes in prices can impact the value of oil and natural gas companies and their ability to raise capital, borrow money and retain personnel. While we do not currently expect business costs to materially increase, continued high prices for oil and natural gas could result in increases in the costs of materials, services and personnel.

We cannot assure you that we will be able to continue to meet our commitments and contractual obligations.

We have obligations and commitments related to our operations as well as our general and administrative activities. With respect to our operating commitments, we have contractually obligated ourselves to our operating partners to fund a portion of each respective project's annual capital budget. In the aggregate, the commitments are approximately $20 million for 2006. Our commitments are expected to increase significantly as our operating partners increase their drilling activities and we incur additional cash calls in respect of these projects. In the event that we are unable to maintain our funding obligations in respect of our projects, we may be deemed to have gone "non-consent," which will result in a project's other partners funding a well's operating costs without us. If we go "non-consent" on a well, the consequences to us likely will enable the consenting partners to recover their costs plus an agreed-upon percentage (typically 500%) before we will be entitled to participate in any of the future economics of the well, if at all. Our administrative commitments principally include our office lease, under which we are contractually obligated until 2009. We have recently increased our commitment by taking additional adjacent space in our building, which has materially increased our costs. Accordingly, we cannot assure you that we will be able to continue to meet our commitments and contractual obligations.

Risks Relating To Our Common Stock

Our insiders and affiliated parties beneficially own a significant portion of our stock.

As of June 30, 2006, our executive officers, directors and affiliated parties beneficially own approximately 17.1% of our common stock. As a result, our executive officers, directors and affiliated parties will have significant influence to:

- elect or defeat the election of our directors;
- amend or prevent amendment of our articles of incorporation or bylaws;
- effect or prevent a merger, sale of assets or other corporate transaction; and
- affect the outcome of any other matter submitted to the stockholders for vote.

In addition, sales of significant amounts of shares held by our directors and executive officers, or the prospect of these sales, could adversely affect the market price of our common stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Our shareholder rights plan and our certificate of incorporation may have substantial anti-takeover effects.

Pursuant to our shareholder rights plan, each share of our common stock has certain preferred stock purchase rights, or Rights, that trade with the shares. Therefore, our shareholder rights plan may cause substantial dilution to a person or group who attempts to acquire us without the approval of our board of directors. Although the shareholder rights plan is not intended to prevent acquisitions through negotiations with our board of directors, the existence of the shareholder rights plan may nevertheless discourage a third party from making a partial tender offer or otherwise attempting to obtain a substantial position in our equity securities or seeking to obtain control of the Company. In addition, provisions in our certificate of incorporation may also discourage a third party from attempting to obtain control of the Company. Some of these provisions permit the board of directors to issue preferred stock with rights senior to the common stock without shareholder approval. We also are subject to Section 203 of the Delaware General Corporation Law, which, under certain circumstances, prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder. To the extent any potential acquirors are deterred by our shareholder rights plan or our certificate of incorporation, the rights plan and certificate of incorporation may have the effect of preserving incumbent directors and management in office or preventing acquisitions of the Company. As a result, the overall effect of the shareholder rights plan and our certificate of incorporation may be to render more difficult or discourage any attempt to acquire us even if such acquisition may be favorable to the interests of our stockholders. For more information see "Description of Our Capital Stock Description of Preferred Stock" and "Description of Our Capital Stock Anti-Takeover Effects of Provisions of Our Certificate of Incorporation, Shareholder Rights Plan, and Delaware Law."

USE OF PROCEEDS

We expect the net proceeds from the sale of the shares of common stock being offered in this offering will be approximately $10,831,000, after deducting underwriting fees and our estimated offering expenses but including the over-allotment option. In the event that the over-allotment option is not exercised, we expect the net proceeds from this offering to be approximately $9,364,000, after deducting underwriting fees and our estimated offering expenses. We intend to use the net proceeds from the sale of securities offered by this prospectus supplement and the accompanying prospectus to fund a portion of our capital expenditure program and for general corporate purposes. Pending their ultimate use, we intend to invest the net proceeds in money market funds, commercial paper and governmental and non-governmental debt securities with maturities of up to five years.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2006, on an actual basis, and as adjusted to give effect to the issuance by us of 2,000,000 shares of our common stock, after deducting underwriting discounts and commissions and estimated offering expenses, at a public offering price of $5.20 per share, and the application of net proceeds therefrom.

	As of March 31, 2006	
	Actual	**As Adjusted**
	(dollars in thousands, unaudited)	
Cash and equivalents	$ 9,539	$ 18,903
Long-term debt, including current portion	$	$
Stockholders' equity		
Preferred stock, $0.001 par value, 25,000,000 shares authorized; no shares issued and outstanding		
Common stock, $0.001 par value, 250,000,000 shares authorized; 11,868,543 shares issued and outstanding; as adjusted 13,868,543 shares	12	14
Additional paid-in capital	46,482	55,844
Accrued unvested stock-based compensation	489	489
Accumulated deficit	(25,762)	(25,762)
Total stockholders' equity	21,221	30,585
Total capitalization	$ 21,221	$ 30,585

The number of shares of common stock outstanding is based on 11,868,463 shares outstanding as of March 31, 2006. This number excludes:

2,875,334 shares of common stock issuable upon the exercise of stock options outstanding as of March 31, 2006, at a weighted average exercise price of $3.54 per share;

1,100,720 shares of common stock issuable upon the exercise of common stock purchase warrants outstanding as of March 31, 2006 at an exercise price of $3.50 per share; and

1,115,500 shares of common stock issuable upon the satisfaction of basic performance targets or 2,231,000 shares of common stock issuable upon satisfaction of stretch performance targets, as applicable, under the Company's 2005 Long-Term Incentive Plan as of March 31, 2006 in each of 2006, 2007, and 2008 years.(1)

(1) On June 28, 2005, our shareholders approved a stock-based long-term incentive plan (the "LTIP") that permits the grant of unvested share awards, grants, options, performance share units, and share equivalents to employees, directors, consultants and vendors as directed by our board of directors' Compensation Committee. Awards made by our Compensation Committee in each of 2005 and 2006 provide for performance-based vesting upon the attainment of various one, two, and three-year milestones which are established by the Compensation Committee during the first quarter of each year. If the milestones are achieved and the awards are made they will have a dilutive effect on our capitalization. In addition, achievement of the milestones will also have an impact on our reported financial results. We are making quarterly accruals based on our assessment of anticipated annual performance made against objectives, based upon progress in each quarter. The impact on such anticipated performance can also experience significant fluctuations from quarter to quarter and year to year.

200,000 shares of Series C preferred stock issuable upon the exercise of certain preferred stock purchase rights that are triggered in the event a person acquires 15% of the Company's common stock.

The table assumes no exercise of the underwriters' over-allotment option to purchase up to an additional 300,000 shares of our common stock.

DILUTION

If you invest in our common stock, your interest will be diluted immediately to the extent of the difference between the public offering price per share of our common stock and the adjusted net tangible book value per share of our common stock after this offering.

The net tangible book value of our common stock as of March 31, 2006, was approximately $21.2 million, or approximately $1.79 per share. Net tangible book value per share represents the amount of our total assets, excluding goodwill and intangible assets, less liabilities, divided by the total number of shares of our common stock outstanding.

Dilution per share to new investors represents the difference between the amount per share paid by purchasers for our common stock in this offering and the net tangible book value per share of our common stock immediately following the completion of this offering.

Following our expected sale of 2,000,000 shares of common stock, at an offering price to the public of $5.20 per share, issued in connection with this offering and after deducting the underwriting fee and our estimated offering expenses, our pro forma net tangible book value as of March 31, 2006, would have been approximately $30.6 million or approximately $2.21 per share. This represents an immediate increase of approximately $0.42 per share to the existing stockholders and an immediate dilution in pro forma net tangible book value of approximately $2.99 per share to purchasers of our common stock in this offering. The following table illustrates this dilution:

Public offering price per share			$	5.20
Net tangible book value per share as of March 31, 2006	$	1.79		
Increase per share attributable to new investors		.42		
Net tangible book value per share as of March 31, 2006 after giving effect to this offering		2.21		
Dilution per share to new investors			$	2.99

If the sale of 2,300,000 shares of common stock under this prospectus supplement is taken into account, after deducting the underwriting fee and our estimated offering expenses, our pro forma net tangible book value as of March 31, 2006, would have been approximately $32.1 million or approximately $2.26 per share. This represents an immediate increase of approximately $0.47 per share to the existing stockholders and an immediate dilution in pro forma net tangible book value of approximately $2.94 per share to purchasers of our common stock in this offering.

The dilution calculations do not include shares issuable upon exercise of outstanding options, convertible debt or the exercise of previously outstanding warrants.

PRICE RANGE OF COMMON STOCK

Our common stock is quoted on the American Stock Exchange under the symbol "TEC." Our common stock is also listed for trading on the Frankfurt Stock Exchange (Germany) under the symbol "TP9." The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices of our common stock, as reported (without retail markup or markdown and without commissions) on the American Stock Exchange. The prices cited below do not necessarily represent actual transactions.

Quarter	High	Low
2004:		
First Quarter	$ 5.24	$ 3.36
Second Quarter	4.00	1.80
Third Quarter	2.55	1.25
Fourth Quarter	1.85	1.20
2005:		
First Quarter	$ 4.25	$ 1.25
Second Quarter	4.82	2.01
Third Quarter	8.89	4.25
Fourth Quarter	7.49	4.60
2006:		
First Quarter	$ 8.95	$ 5.80
Second Quarter	7.50	4.90
Third Quarter (through July 26, 2006)	5.97	4.96

On July 26, 2006, the last sale price of our common stock as reported on the American Stock Exchange was $5.60 per share. On June 30, 2006, the number of our common stockholders of record was 12,262,392.

DIVIDEND POLICY

We have not paid cash dividends on our common stock. We currently anticipate that all of our earnings will be retained for the continued development of our business and we do not anticipate paying any cash dividends in the foreseeable future.

RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO FIXED CHARGES PLUS PREFERRED DIVIDENDS

For purposes of determining the ratios of earnings to fixed charges and combined fixed charges and preferred dividends (excluding any deemed dividends), earnings are defined as income (loss) before income taxes plus interest expense and amortization of debt related costs, and fixed charges are defined as interest expense, amortization of debt related costs, capitalized interest and expenses related to indebtedness.

	Three Months Ended March 31,	Fiscal Year Ended December 31,				
	2006	2005	2004	2003	2002	2001
Coverage deficiency earnings to fixed charges			(166,216)	(4,383,904)	(10,577,246)	(1,487,407)
Coverage deficiency earnings to fixed charges and preferred dividends		(3,838,904)	(5,465,446)	(4,383,904)	(10,577,246)	(1,487,407)

MANAGEMENT

Directors and Executive Officers

Shown below are the names, ages, and positions of our executive officers and directors as of July 26, 2006.

Name	Age	Position
Karl F. Arleth	57	President & CEO, Director
Bill I. Pennington	54	Executive Vice President, Chief Financial Officer
Andrew M. Schultz	53	Vice President, Production
Robert F. Bailey	74	Director
John T. Connor, Jr.	64	Director
Thomas F. Conroy	67	Director
William K. White	64	Director
James J. Woodcock	68	Chairman of the Board of Directors

Karl F. Arleth has been our President and Chief Executive Officer since May 2003 and a Director since 2002. From 2002 to 2003, Mr. Arleth was the Chief Operating Officer of Sefton Resources, Inc., an oil and gas exploration and production company. Since 2002, Mr. Arleth has served as a Board member of Sefton Resources, Inc. Between 1999 and 2001, he served as Chairman and CEO of Eurogas, Inc. in London. Ending in 1999, Mr. Arleth spent 21 years with Amoco and BP-Amoco.

Bill I. Pennington became our Executive Vice President & Chief Financial Officer in 2006. From 1994 to 2004, Mr. Pennington served in several roles for Inland Resources, Inc., including as its President, Chief Financial Officer, and as a Director. From 1987 to 1994, Mr. Pennington was President, Chief Financial Officer and Director of Lomax Exploration Company, a private oil and gas company that was merged with Inland in 1994.

Andrew M. Schultz became our Vice President, Production in 2006. Between 1987 and 2006, he was President of Emerald Resources, Inc., a small exploration and production company that generated and sold exploration prospects and evaluated and effected production acquisitions in the Rocky Mountain Region. The company's focus was developing large natural gas plays in the Green River Basin of Wyoming.

Robert F. Bailey became a director in 2006. Since 2002, he has been president of R.F. Bailey Investments, an acquisitions and investment management vehicle, 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. and is an Advisory Director of the University of Texas of the Permian Basin.

John T. Connor, Jr. became a director in 2003 and chairs 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 former attorney at Cravath, Swaine & Moore in New York City, he has been a partner in leading law firms in New York, Washington and New Jersey. Mr. Connor is a member of the Council on Foreign Relations.

Thomas F. Conroy has been a director since 2002. Mr. Conroy is a Certified Public Accountant with an MBA from the University of Chicago. 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. 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. Mr. Conroy briefly served as our interim CFO and secretary from April 2002 until April 2003.

William K. White became a director in 2005. Mr. White is the founder and president of Amado Energy L.P., an investment vehicle formed to focus on oil and gas mineral properties in the U.S. Between 1996 and 2002, Mr. White was the Chief Financial Officer of Pure Resources, Inc., a NYSE-listed independent exploration and production concern prior to its sale to Unocal in October, 2002.

James J. Woodcock has been a director since 2002 and Chairman of the Company's Compensation Committee, since 2003 and Chairman of the Company since February 2005. Since 1981, Mr. Woodcock has been the owner 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. From 1997 to 2002, Mr. Woodcock was the chairman of Transrepublic Resources, a private oil and gas exploration firm located in Midland, Texas. 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.