

2007 BCSECCOM 151

March 9, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, s. 8.1 - A reporting issuer wants relief from all the requirements of NI 51-101 - The issuer is an “SEC foreign issuer” as defined in National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and therefore is exempt from certain Canadian continuous disclosure requirements provided that it files the same documents in Canada that it files with the SEC; the issuer is subject to and complies with the disclosure requirements of US securities laws in connection with its oil and gas activities; Canadian residents own less than 10% of the issuer's securities and represent less than 10% of the issuer's total number of security holders

Applicable British Columbia Provisions

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, s. 8.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta and Ontario
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Teton Energy Corporation
(the Filer)

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempted from National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (the NI 51-101 Relief).

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2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS):
 - (a) the Alberta Securities Commission is the principal regulator for this application; and
 - (b) this MRRS Decision Document evidences the decision of each Decision Maker (the Decision).

Interpretation

3. Terms defined in National Instrument 14-101 *Definitions* have the same meaning in this Decision unless they are otherwise defined in this Decision.

Representations

4. This Decision is based on the following facts represented by the Filer:
 - (a) The Filer was incorporated pursuant to the laws of the State of Delaware on November 13, 1996.
 - (b) The Filer's head and principal office is located in Denver, Colorado.
 - (c) The Filer is a reporting issuer or equivalent in each of the Jurisdictions.
 - (d) The authorized capital of the Filer consists of 225,000,000 shares of common stock (Common Shares) and 25,000,000 preferred shares. As at December 31, 2006, the Filer had outstanding 15,099,159 Common Shares and no preferred shares.
 - (e) The Common Shares are listed and posted for trading on the American Stock Exchange (AMEX) under the symbol "TEC" and on the Frankfurt Stock Exchange in Germany under the symbol "TP9".
 - (f) The Common Shares were voluntarily delisted from the Canadian Venture Exchange effective at the close of business on January 9, 2002. The Common Shares are no longer listed on any exchange or marketplace in Canada.
 - (g) The Common Shares are registered under the United States Securities Exchange Act of 1934 (the 1934 Act). The Filer has

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filed with the SEC all filings required to be made with the SEC since it first become a reporting company under the 1934 Act on July 16, 2001.

- (h) The Filer files with the SEC and AMEX disclosure about its oil and gas activities (Oil and Gas Disclosure) prepared in accordance with the requirements of the United States Securities Act of 1933 (the 1933 Act), the 1934 Act and the rules and regulations of the SEC and the AMEX (collectively the US Rules).
- (i) A search of registered holders conducted on September 8, 2006 by Computershare Investor Services, the Filer's transfer agent, indicated that there were 23 registered holders resident in Canada holding 70,485 Common Shares, representing approximately 0.5% of the issued and outstanding Common Shares of the Filer as of December 31, 2006.
- (j) A search of the beneficial holders conducted on September 21, 2006 by ADP Investor Communications indicated that there were 185 beneficial holders resident in Canada holding 383,329 Common Shares or approximately 2.5% of the issued and outstanding Common Shares as of December 31, 2006.
- (k) The Filer is a "U.S. issuer" within the meaning of that term in National Instrument 71-101 *The Multijurisdictional Disclosure System* and is an "SEC foreign issuer" within the meaning of that term in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.
- (l) The Filer has securities listed on marketplaces outside Canada and has not offered securities in Canada since its de-listing from the Canadian Venture Exchange. The Filer has no current intention to offer securities in Canada in the future.

Decision

- 5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.
- 6. The decision of the Decision Makers under the Legislation is that the NI 51-101 Relief is granted to the Filer for so long as:

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- (a) less than 10% of the number of registered and beneficial holders of Common Shares are resident in Canada;
- (b) less than 10% of the outstanding Common Shares are held by Canadian residents;
- (c) the Filer is subject to and complies with the disclosure requirements of the US Rules in connection with its oil and gas activities;
- (d) the Filer issues in Canada, and files on SEDAR, a news release stating that it will, in accordance with this Decision, provide Oil and Gas Disclosure prepared in accordance with SEC requirements rather than in accordance with NI 51-101; and
- (e) the Filer files the Oil and Gas Disclosure with the Decision Makers as soon as practicable after the Oil and Gas Disclosure is filed with the SEC.

Glenda A. Campbell, QC, Vice-Chair
Alberta Securities Commission

Stephen R. Murison, Vice-Chair
Alberta Securities Commission