

PRB Energy, Inc.
Form 8-K
May 22, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 or 15 (d) Of the Securities Exchange Act Of 1934

Date of Report (Date of earliest event reported): **May 16, 2007**

PRB Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

333-120129
(IRS Employer
(Commission File Number)

20-0563497
Identification No.)

1875 Lawrence Street, Suite 450 Denver, Colorado
(Address of principal executive offices)

80202
(Zip Code)

Registrant's telephone number, including area code: **(303) 308-1330**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure.

On May 16, 2007, PRB Energy, Inc. (PRB or the Company) and Rocky Mountain Gas, Inc. (RMG) reached a settlement and terminated their arbitration proceedings. (Refer to PRB's Form 10-Q filed May 15, 2007 regarding these arbitration proceedings.) RMG will pay PRB \$3.25 million in a promissory note (the Note) and will assign, on or before June 1, 2007, to PRB all of its interests, including infrastructure, for the Moyer coal-bed methane wells located in Section 19 T.48N., R.71W. adjacent to PRB's acreage in South Gillette. The Note calls for a \$500,000 cash payment on May 22, 2007, \$500,000 on June 21, 2007 and the balance on or before October 31, 2007. The Note bears an interest rate of 10% per annum and is to be secured by a mortgage. PRB will assign to RMG all of its interests (other than Section 19) in the acreage originally included in the farmout agreement with RMG.

PRB will include the settlement results in its June 30, 2007 quarterly report on Form 10-Q.

Item 9.01. Financial Statements and Exhibits.

(d) EXHIBITS

| Exhibit No. | Description |
|-------------|----------------------------------|
| 99.1 | Press release dated May 17, 2007 |

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRB ENERGY, INC.

/s/ Robert W. Wright
Robert W. Wright
Chairman and Chief Executive Officer

May 22, 2007