POWDER RIVER BASIN GAS CORP
Form 10QSB/A
August 21, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-31945

For the quarter ended June 30, 2003

POWDER RIVER BASIN GAS CORP.
(Exact name of small business issuer as specified in its charter)

Colorado
(State of incorporation)

84-1521645
(IRS Employer Identification #)

11600 German Pines
Evansville, In 47725
(812) 867-1433
(Address and telephone number of principal executive office)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No As of June 30, 2003, 46,387,833 shares of common stock, $0.001 par value, were outstanding. Transitional Small Business Disclosure Format (check one): [X] Yes [ ] No .

PART I: Financial Information: Item 1. Financial Statements

Powder River Basin Gas Corp.
Consolidated Balance Sheets
As of June 30, 2003 and December 31, 2002

	(unaudited) June30	December 31
ASSETS		
CURRENT ASSETS		
Cash	$ 2,516	$ 12,556
Accounts receivable	-	-
Other current assets	-	-
Total current assets	2,516	12,556
Oil and gas properties using full cost accounting (note 3)		

Properties not subject to amortization	1,284,251	1,853,469
Accumulated amortization	-	-
Net oil and gas properties	1,284,251	1,853,469
Other Assets	28,576	-
Total assets	$ 1,315,343	$ 1,853,469
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 50,028	$ 114,020
Accrued expenses	9,476	48,953
Related party payable	-	317,700
Notes payable	151,400	626,400
Total current liabilities	210,904	1,107,073
Long term debt (note 4)	199,461	-
Total liabilities	410,365	1,107,073
STOCKHOLDERS' EQUITY		
Common stock, par value $.001 per share; 50,000,000 shares authorized; 20,437,833 and 19,907,833 shares issued and 19,517,833 and 16,347,833 outstanding	46,387	20,437
Capital in excess of par value	4,292,317	3,870,467
Accumulated deficit	(3,458,655)	(3,131,032)
Treasury stock; 920,000 and 3,560,000 shares	(920)	(920)
Total stockholders' equity	879,128	758,952
Total liabilities and stockholders' equity	$ 1,315,343	$ 1,866,025

POWDER RIVER BASIN GAS CORP.
CONSOLIDATED STATEMENT OF OPERATIONS
AS OF JUNE 30, 2003 AND JUNE 30, 2002

	Three Months Ending		Six Months Ending	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
REVENUE				

Oil and gas sales	$ -	$ -	$ -	$ -
Other operating revenue	-	-	-	-
Total revenue	-	-	-	-
EXPENSES				
General and administrative	354,256	72,181	356,462	137,229
Lease operating costs	-	16,211	-	71,315
Legal and professional	21,371	19,633	23,371	43,270
Travel	-	1,400	-	9,216
Total expenses	375,627	109,425	379,833	261,030
NET OPERATING LOSS	(375,627)	(109,425)	(379,833)	(261,030)
OTHER INCOME (EXPENSE)				
Interest expense	(9,476)	1	(9,476)	(502)
NET LOSS	(385,103)	(109,424)	(389,309)	(261,532)
BASIC LOSS PER COMMON SHARE	(0.008)	(0.01)	(0.015)	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	46,387,833	9,341,538	25,237,833	9,341,538

Powder River Basin Gas Corp.
Consolidated Statement of Stockholders' Equity (Unaudited)
For the Period Ended June 30, 2003

	Common Stock		Capital in Excess of Par Value	Retained Deficit	T
	Shares	Amount			Sh
Balance at inception on June 13, 2001	$ -	$ -	$ -	-	$
Common stock issued for organization					
costs; $0.001 per share	3,350,000	3,350	(3,350)	-	
Common stock issued for services; $0.001					

per share	5,650,000	5,650	(5,650)	-	
Common stock returned due to non completion of services; $0.001 per share	-	-	-	-	(5,04
Reverse acquisition adjustment	9,960,000	9,960	(9,960)	-	
Common stock issued for related party payable at $0.81 per share	100,000	100	89,900	-	
Common stock issued for services at $0.81 per share	-	-	453,040	-	56
Common stock issued for cash at $1.10 per share	600,000	600	664,390	-	
Common stock issued for services at $1.11 per share	-	-	1,023,730	-	92
Common stock issued for payable at $1.00 per share	247,833	247	247,587	-	
Net loss for the year ended December 31, 2002	-	-	-	(1,786,236)	
Balance at December 31, 2001	19,907,833	19,907	2,459,687	(1,786,236)	(3,56

Powder River Basin Gas Corp.
Consolidated Statement of Stockholders' Equity (Unaudited) (continued)
For the Period Ended June 30, 2003

	Common Stock		Capital in Excess of Par Value	Retained Deficit	T
	Shares	Amount			Sh
Balance at December 31, 2001	19,907,833	19,907	2,459,687	(1,786,236)	(3,56
Common stock issued for payables; $0.61 per share	-	-	152,250	-	25
Common stock issued for services at $0.65 per share	-	-	407,420	-	63
Common stock issued for cash at $1.00 per share	30,000	30	29,970	-	

Common stock issued for services at $0.59 per share	-	-	665,570	-	1,13
Common stock issued for services; $0.09 per share	-	-	56,070	-	63
Common stock issued for related party payables; $0.20 per share	500,000	500	99,500	-	
Net loss for the year ended December 31, 2002	-	-	-	(1,283,110)	
Balance at December 31, 2002	20,437,833	$ 20,437	$ 3,870,467	$ (3,069,346)	(92
Common stock issued for accrued salaries and services; $0.025 per share	5,200,000	5,200	124,800	-	
Common stock issued for services & N/P	20,750,000	20,750	297,050	-	
Net Loss for the period ending June 30, 2003	-	-	-	(389,309)	
Balance at June 30, 2003	46,387,833	46,387	4,292,317	(3,458,655)	(92

Powder River Basin Gas Corp.
Consolidated Statements of Cash Flows (Unaudited)
For the Six Month Period Ending June 30

	2003	2002
Cash flows from operating activities		
Net loss	$ (389,309)	$ (152,109)
Adjustments to net loss provided by operating activities:		
Common stock issued for services rendered		-
Common stock issued for payment of acct payable	(662,199)	200,000
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	-	(75,000)
Increase in other current assets	-	-

(Decrease) increase in accounts payable	19,452	(167,313)
Net cash provided by (used in) operating activities	(1,032,056)	(194,421)
Cash flows from investing activities		
Relinquishment of leases	569,217	-
Expenditures for oil and gas property development	-	(42,000)
Net cash used in investing activities	569,217	(42,000)
Cash flows from financing activities		
Proceeds from notes payable and long-term liabilities	(1,282)	134,466
Proceeds from issuance of common stock	130,000	100,000
Additional Paid in Capital	317,700	-
Net cash provided by financing activities	446,417	234,466
Net increase (decrease) in cash and cash equivalents	(16,421)	(1,955)
Cash at beginning of period	18,938	2,323
Cash at end of period	$ 2,516	$ 368
Cash paid for:		
Interest	$ 9,476	$ -
Income taxes	$ -	$ -
Non cash financing activities:		
Common stock issued for payment of accounts payable pertaining to acquisition of oil and gas properties	$ -	$ -
Common stock issued to retire accounts payable	$ 130,000	$ -

Powder River Basin Gas Corp.
Notes to Consolidated Financial Statements
For the Period Ended June 30, 2003

NOTE 1 - PREPARATION OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements of Powder River Basin Gas Corp. for the period ended June 30, 2003, included herein have been prepared in accordance with generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission ("SEC") and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's latest Annual Report filed with the SEC on Form 10-KSB/A. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim period presented have been reflected herein. The results of operations for the interim period are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent year ending , December 31, 2002, as reported in the Form 10-KSB/A, have been omitted.

NOTE 2 - ORGANIZATION

The Company was incorporated under the laws of Colorado on August 27, 1999 as Celebrity Sports Network, Inc. The principal activities since inception have been organizational matters and obtaining financing. The Company was formed in an effort to broaden the scope of public appearances available to current and former professional athletes. The Company, however, changed their operations in 2001 through a reverse acquisition with Powder River Basin Gas Corp., an oil and gas company.

Power River Basin Gas Corp. (PRBG) was incorporated in Colorado on June 13, 2001. The Company is engaged in the business of assembling and managing a portfolio of undeveloped acreage in the Powder River basin coal bed methane (CBM) play in Sheridan County, Wyoming. This acreage is located in a proven geological setting and near operators such as Western Gas Resources, Barrett Resources, Phillips Petroleum, J.M. Huber and others. The Company has leasehold interests in approximately 7,070 net acres. Two wells have been drilled on one lease and eleven additional wells have been spudded and partially drilled.

Pursuant to a reverse acquisition and reorganization agreement, PRBG was acquired by Celebrity Sports on September 5, 2001. At the time of the acquisition, the Company changed its name to Power River Basin Gas Corp. and issued 9 million shares of common stock for all the issued and outstanding stock of PRBG; thus, making PRBG a wholly-owned subsidiary of the Company. Because PRBG is the accounting acquirer in the reverse acquisition, all financial history in these financial statements are that of PRBG.

The Company issued 9 million shares of common stock for 9 million shares of PRBG, therefore, an adjustment to the shares outstanding was necessary to reflect the other shareholders of the Company at the time of acquisition. No goodwill was recorded in the acquisition and the purchase method of accounting was used to record the transaction.

In March 2003, the Company completed an amendment to its Articles of Incorporation providing for a re-capitalization such that the Company increased its authorized capital stock to 200,000,000 shares, par value $0.001 and 10,000,000 shares of Preferred stock, par value $0.001.

In May 2003, Imperial Petroleum, Inc. acquired Board and Management control of the Company through the acquisition of approximately 54% of the common stock of the Company from its former management, Greg Smith, and entities controlled by Smith. In connection with the acquisition of shares by Imperial, all outstanding notes and accounts payable to Smith and entities controlled by Smith were retired. As a result of the change in control, the Company is now a subsidiary of Imperial Petroleum, Inc. and is managed by Imperial's management.

NOTE 3 - OIL AND GAS PROPERTIES

The full cost method is used in accounting for oil and gas properties. Accordingly, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs, are capitalized. In addition, depreciation on property and equipment used in oil and gas exploration and interest costs incurred with respect to financing oil and gas acquisition, exploration and development activities are capitalized in accordance with full cost accounting. Capitalized interest for the quarter ended June 30, 2003 was $0. All capitalized costs of proved oil and gas properties subject to amortization are being amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects not subject to amortization are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. As of June 30, 2003, proved oil and gas reserves had been identified on one of the Company's oil and gas properties, however, no extraction has begun; therefore, no amortization was recorded for the period ending June 30, 2003. All other wells are incomplete as of June 30, 2003.

NOTE 4 - LONG TERM DEBT

At June 30, 2003, the Company had the following long-term liabilities:

Debentures held by accredited investors, which are convertible into Company common stock upon effective registration and bear interest at 6% per annum, though maturity or conversion; Debentures are convertible into Company common stock at a price equal to 75% of the lowest closing bid price per share (as reported by Bloomberg, LP) of the Company's common stock for the seven trading days immediately preceding the conversion date	$ 199,461

Powder River Basin Gas Corp.
Notes to Consolidated Financial Statements (continued)
For the Period Ended June 30, 2003

NOTE 5 - COMMON STOCK

In February 2003, the Company issued 5,200,000 shares of treasury stock to satisfy debt associated with accrued salaries and other services at $0.025 per share.

In March 2003, the company issued 5,000,000 shares of common stock to retire notes and accounts payable and other services at $0.017 per share.

ITEM 2: Management's Discussion and Analysis OR PLAN OF OPERATION

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

The Company is including the following cautionary statement to make applicable and take advantage of the safe harbor provision of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. This quarterly report on form 10-QSB/A contains forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. Certain statements contained herein are forward-looking statements and, accordingly, involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitations, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties, but there can be no assurance that management's expectations, beliefs or projections will result or be achieved or accomplished. In addition to other factors and matters discussed elsewhere herein, the following are important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements: the ability of the Company to respond to changes in the information system environment, competition, the availability of financing, and, if available, on terms and conditions acceptable to the Company, and the availability of personnel in the future.

PLAN OF OPERATION

The Company's business strategy for the next twelve months includes focused acquisitions and drilling operations which may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, weather conditions and shortages or delays in equipment delivery. The Company has drilled two gas wells that will produce commercially viable gas resources once the appropriate infrastructure (i.e., pipeline) is in place. The Company does not currently have sufficient funds to implement drilling and completion operations on its leases and properties alone. As a result, the Company is seeking out and entertaining offers from outsiders who wish to purchase all or part of the Company's leases for development.

Liquidity and Capital Resources

The Company's working capital deficit on June 30, 2003 was $234,238, resulting primarily from the use of accounts payable to finance the acquisition of leasehold interests in the Powder River Basin. The Company has no established revenue sources and continues to rely on loans from shareholders, sales of equity and other financing to sustain operations as a going concern. There is currently no agreement from any officer or shareholder to continue to provide working capital in order to maintain operations. The Company is seeking to raise the necessary funds to commence drilling operations on its leasehold properties and it may become necessary to farmout or joint venture a portion or all of its properties, if sufficient funds cannot be raised..

Current Liabilities

On June 30, 2003, the Company had approximately $236,754 in current liabilities. Of this amount, approximately $151,400 is due to various entities for the purchase of leasehold interests in the Powder River Basin and related expenses incurred by the Company. The company is delinquent in the payment of these obligations and as a result some of its leases may be forfeited.

Need for Additional Financing for Growth

The growth of the Company's business will require substantial capital on a continuing basis, and there is no assurance that any such required additional capital will be available on satisfactory terms and conditions, if at all. The Company may pursue, from time to time, opportunities to acquire oil and natural gas properties and businesses that may utilize the capital currently expected to be available for its present operations. The amount and timing of the Company's future capital requirements, if any, may depend upon a number of factors, including drilling, transportation, and equipment costs, marketing expenses, staffing levels, competitive conditions, and purchases or dispositions of assets, many of which are not in the Company's control. Failure to obtain any required additional financing could materially adversely affect the growth, cash flow and earnings of the Company. In addition, the Company's pursuit of additional capital could result in the incurrence of additional debt or potentially dilutive issuances of equity securities.

The Company's ability to meet any future debt service obligations will be dependent upon the Company's future performance, which will be subject to oil and natural gas prices, the Company's level of production, general economic conditions and financial, business and other factors affecting the operations of the Company, many of which are beyond its control. There can be no assurance that the Company's future performance will not be adversely affected by such changes in oil and natural gas prices and/or production nor by such economic conditions and/or financial, business and other factors. In addition, there can be no assurance that the Company's business will generate sufficient cash flow from operations or that future bank credit will be available in an amount to enable the Company to service its indebtedness or make necessary expenditures. In such event, the Company would be required to obtain such financing from the sale of equity securities or other debt financing. There can be no assurance that any such financing will be available on terms acceptable to the Company. Should sufficient capital not be available, the Company may not be able to continue to implement its business strategy.

ITEM 3: CONTROLS AND PROCEDURES

Based on their evaluation of the Company's disclosure controls and procedures as of a date within 90 days of the filing of this Report, the Chairman and Chief Executive Officer have concluded that such controls and procedures are effective.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect such controls subsequent to the date of evaluation.

PART II: OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

The Company is a Plaintiff involved in a legal proceeding in the United States District Court for the District of Colorado, Civil Action No. 02-0764, versus John Skinner, an individual. The lawsuit was settled in the fourth quarter of 2002 and as a result, the Company recorded a note payable to Mr. Skinner of $40,000 which remains outstanding as of June 30, 2003.

ITEM 2: CHANGES IN SECURITIES

In March 2003, the Company filed a Schedule 14C , Definitive Information Statement in which the majority of the shareholders of the Company had agreed to amend the Articles of Incorporation of the Company and increase the authorized shares of common stock, par value $0.001, of the Company from 50,000,000 shares to 200,000,000 shares of common stock, par value, $0.001 and to authorize the issuance of 10,000,000 shares of preferred stock. The Schedule 14C is included herein by reference.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 5: OTHER INFORMATION

NONE

ITEM 6: Exhibits and Reports on Form 8-K

(a) Exhibit 99.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer.

(b) Reports
Report on Form 8-K, as amended, Celebrity Sports Network, Inc., filed January 24, 2002; Change in Registrant's Certifying Accountant

Signatures

Pursuant to the requirements of Section 13 or 15(d) the Securities and Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Powder River Basin Gas Corp.
Registrant

By: \s\ Jeffrey T. Wilson, President
Jeffrey T. Wilson, President

Date: August 12, 2003

Certificate of Chief Executive Officer

I, Jeffrey T. Wilson, President and Chairman of Powder River Basin Gas Corp. certify that:

1. I have reviewed this annual report on Form 10-QSB of Powder River Basin Gas Corp. ("PRVB").

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.

3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present, in all material respects, the financial condition, results of operations and cash flows of PRVB as of, and for, the periods presented in this report.

4. PRVB's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for PRVB and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to PRVB, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b. evaluated the effectiveness of PRVB's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. PRVB's other certifying officers and I have disclosed, based on our most recent evaluation, to our auditors:

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect PRVB's ability to record, process, summarize and report financial data and have identified for PRVB's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in PRVB's internal controls.

6. PRVB's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 15th, 2003

Jeffrey T. Wilson, President and Chairman

Exhibit 99.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) (the "Act"), each of the undersigned officers of Powder River Basin Gas Corp., a Colorado corporation (the "Company"), does hereby certify that:

The Quarterly Report on Form 10-QSB for the quarter ended June 30, 2003 (the "Periodic Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)) and information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey T. Wilson

Jeffrey T. Wilson
President
Powder River Basin Gas Corp.

Dated: August 15, 2003

The foregoing certification is being furnished solely pursuant to Section 906 of the Act and is not being filed as part of the Periodic Report or as a separate disclosure document.