POWDER RIVER BASIN GAS CORP
Form 10KSB
March 30, 2004

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

FORM 10-KSB

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

For the fiscal year ended December 31, 2003

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ____________

Commission file number 000-31945

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

104, 3208 8th Avenue NE
Calgary, Alberta T2A 7V8
(403) 263-4145
(Address of principal executive office & telephone number)

Colorado	84-1521645
(State of incorporation)	(IRS Employer Identification #)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $.001 par value

[x] Check whether the issuer (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.

[X] Yes [ ] No

[x] Check if disclosure of delinquent filers in response to Item 405 of Regulation SB is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge,in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB

State issuer's revenues for the most recent fiscal year: $0

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity, as of December 31, 2003 was $1,298,859.

The current number of shares outstanding of Powder River Basin Gas Corporation common stock is 46,387,833 as of December 31, 2003.

Documents Incorporated by Reference

Powder River Basin Gas Corporation incorporates by reference in Part III of this Form 10-KSB, the registrant's Report on Form 8-K, as amended, with exhibits thereto, filed December 29, 2003 under the Securities Act of 1933.

Transitional Small Business Disclosure Format (check one):
[ ] Yes [X] No

POWDER RIVER BASIN GAS CORPORATION ANNUAL REPORT

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Description of Business

Powder River Basin Gas Corporation ("PRVB" or the "Company") was incorporated as Celebrity Sports Network in the State of Colorado on August 27, 1999. On September 5, 2001; Celebrity Sports Network acquired Powder River Basin Gas Corporation, a private corporation incorporated in the State of Colorado on June 13, 2001. Subsequently, Celebrity Sports Network changed the name of the corporation from Celebrity Sports Network to Powder River Basin Gas Corporation.

Celebrity Sports Network was formed in an effort to broaden the scope of appearances available to current and former professional athletes. The company intended to assist athletes in refining their speaking and presentation skills to increase marketability, gain a market for the athletes, and market the athletes for speaking engagements. From inception, Celebrity Sports Network has remained a development stage company, with primary focus on organizational matters, acquiring candidate athletes as clients, and developing its marketing and business plans. Due to disappointing results; operational losses, lack of working capital, and less than acceptable results from initial business plan implementations; Celebrity Sports Network decided to explore other business opportunities, both within and outside the sports management industry. Ultimately, Celebrity Sports Network has acquired and become Powder River Basin Gas Corporation.

Business

Powder River Basin Gas Corporation is an oil and gas exploration company that is engaged in the evaluation and development of coalbed methane (CBM) reserves as well as shallow oil reserves within the Powder River Basin in the State of Wyoming.

Powder River Basin Gas Corporation's focus has been in obtaining leasehold interests in acreage within the Powder River Basin, currently a most prolific coalbed methane gas exploration play in the domestic United States. Its attributes include low cost, shallow depth drilling and completion; a proven play with major operators and an existing and expanding infrastructure; greater and longer production yields when comparing cost/benefit analyses to other basins and, a very low exploration risk.

As of December 31, 2003, Powder River Basin Gas Corporation owns a total of 11,878 acres in thirteen different leases within Converse, Crook, Johnson, and Sheridan counties. The company has a 100 percent working interest in all of their leases to date. Powder River Basin Gas Corporation's leases are adjacent to larger CBM developers and operators such as Western Gas Resources, Williams Companies, Phillips Petroleum, J.M. Huber and others. This close proximity to other operators allows PRVB to benefit from the established infrastructure of gathering systems, pipelines, electricity sources, roads, etc.

As of January 2002, Powder River Basin Gas Corporation has drilled and completed two CBM wells in their Zullig Lease, located just west of Clearmont, Wyoming in Sheridan County. Both wells are reported completed in the Monarch coal seam, which is located at a depth of approximately 800 feet. One of the two wells was tested and produced at an initial rate of 702 Mcf (thousand cubic) per day. The company expects to produce 300 Mcf per day from these wells, which will extend yields and maintain production consistency. In addition, Powder River Basin Gas Corporation drilled eleven other wells on the lease to a minimal depth of ten percent of their total depth in order to meet certain state requirements in reducing the well spacing from eighty acres to forty acres.

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As of December 31, 2003, the Company completed a purchase of 960 acres in Arcadia Parish, Louisiana. The property has minimal production and is scheduled for development in 2004.

Pricing

Powder River Basin Gas Corporation's average cost to drill, complete and tie-in a CBM well to existing infrastructure is estimated to be $75,000 per well.

Plan of Operation

PRVB's short-term focus will continue to be on developing and monetizing its CBM and shallow oil assets within the Powder River Basin and to seek additional opportunities to expand its current asset base as well as pursue other acquisitions that will enhance shareholder equity.

PRVB plans to recomplete an additional six wells on Arcadia Parish property as well as pursue acquisitions of small production properties.

Marketing

Powder River Basin Gas Corporation will review and analyze their available options to sell at the wellhead or transport their production to the highest value markets and will implement those options that generate the highest overall value for the Company. The available natural gas pipelines near the Company's acreage include: Bitter Creek Pipeline, Williston Basin Interstate Pipeline, Fort Union, MIGC, and Northern Pipeline. It is anticipated that no additional processing or treating will be necessary to meet pipeline specifications.

Description of Properties

Powder River Basin Gas Corporation's offices are located in Calgary, Alberta and Tulsa, Oklahoma.

As of November 2001, Powder River Basin Gas Corporation had 80 to 100 percent working interest in the following CBM and shallow oil leases:

Lease	County	Net Acres	Gross Acres
Cranston	Crook	1,934	1,934
Franklin	Crook	620	1,944
Griffith(1)	Crook	320	640
Griffith (2)	Crook	160	320
Griffith (3)	Crook	440	600
Kanode	Crook	920	1,000
Olds (D-Road)	Crook	200	640
Olds (Keyhole)	Crook	120	480
Karmon	Johnston	320	320
Noteboom	Johnston	800	800
Legerski	Sheridan	340	360
Robb	Sheridan	1,486	2,520
Zullig	Sheridan	256	320
		7,916	11,878

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Legal Proceedings

The company has an uncontested judgment which was filed in the state of Colorado on December 31, 2003 in the amount of $111,500. The company management was not served notice and was unaware of this action. Management is pursuing a negotiated resolution to this action.

Submission of Matters to a Vote of Security Holders

None during the year ended December 31, 2003.

Market for Common Equity and Related Stockholder Matters

Market Information

The common stock of Powder River Basin Gas Corporation is traded on the OTC Bulletin Board under the symbol PRVB.

Holders

Powder River Basin Gas Corporation has 19,560,000 46,387,333 shares of common stock outstanding as of December 31, 2003.

Powder River Basin Gas Corporation has approximately 250 350 shareholders.

Dividend Policy

Powder River Basin Gas Corporation has never paid dividends on its common stock and does not anticipate paying any dividends in the foreseeable future. Management anticipates that earnings will be retained to fund the company's working capital needs and expansion of the business.

Management's Discussion and Analysis

The Company's operations consist primarily of exploration and development of oil and gas properties. While oil and natural gas are the principal products currently produced by the Company, the Company does not refine or process the oil and natural gas that it produces. The Company sells the gas it produces under short-term contracts at market prices in the areas in which the producing properties are located, generally at F.O.B. field prices posted by the principal purchaser of oil in such areas.

Results of Operations

Revenues

The Company has not yet generated any revenue from the sale of natural gas. This is primarily due to the fact the infrastructure required to realize these sales has not yet been extended to the Company's properties. 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 will begin recognizing revenues during the fiscal year 2004.

Costs and Expenses

The Company's general and administrative expenses for the fiscal year ended December 31, 2003 were $411,928.00.

And $414,568.for the year ended December 31 2002.

The Company went through a change of control in May of 2003 and again went through a complete change of control and management in December of 2003.

Operational Management

The Company was taken over by new management at the end of December 2003 and during the first quarter of 2004 a new team will be put in place who will be qualified to maximize the potential of the companies assets.

Need for Additional Financing for Growth

The Company will be pursauing additional capital by way of private funding and possible joint ventures to complete development of existing properties as well as further acquisitions during 2004.

Acquisition Risks

The Company's business strategy includes focused acquisitions of producing oil and natural gas properties. Any such future acquisitions will require an assessment of the recoverable reserves, future oil and natural gas prices, operating costs, potential environmental and other liabilities and other similar factors. It generally is not feasible to review in detail every individual property involved in an acquisition. Ordinarily, review efforts are focused on the higher-valued properties. However, even a detailed review of all properties and records may not reveal existing or potential problems; nor will it permit the Company to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections are not always performed on every well, and potential problems, such as mechanical integrity of equipment and environmental conditions that may require significant remedial expenditures, are not necessarily observable even when an inspection is undertaken. Even if problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of such problems. There can be no assurance that oil and natural gas properties acquired by the Company will be successfully integrated into the Company's operations or will achieve desired profitability objectives.

Inability to Develop Additional Reserves

The Company's future success as an oil and natural gas producer, as is generally the case in the industry, depends upon its ability to find, develop and acquire additional oil and natural gas reserves that are economically recoverable. Except to the extent that the Company conducts successful development activities or acquires properties containing proved reserves, the Company's proved reserves will generally decline as reserves are produced. There can be no assurance that the Company will be able to locate additional reserves or that the Company will drill economically productive wells or acquire properties containing proved reserves.

Certain Industry and Marketing Risks

The Company's operations are subject to the risks and uncertainties associated with drilling for, producing and transporting of oil and natural gas. The Company's future ability to market its natural gas and oil production will depend upon the availability and capacity of natural gas gathering systems and pipelines and other transportation facilities. Federal and state regulation of oil and natural gas production and transportation, general economic conditions, changes in supply and in demand all could materially affect the Company's ability to market its oil and natural gas production.

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Effects of Changing Prices

The future financial condition and results of operations of the Company depend upon the prices it receives for its oil and natural gas and the costs of acquiring, developing and producing oil and natural gas. Oil and natural gas prices have historically been volatile and are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are also beyond the Company's control. These factors include, without limitation, the level of domestic production, the availability of imported oil and natural gas, actions taken by foreign oil and natural gas producing nations, the availability of transportation systems with adequate capacity, the availability of competitive fuels, fluctuating and seasonal demand for natural gas, conservation and the extent of governmental regulation of production, weather, foreign and domestic government relations, the price of domestic and imported oil and natural gas, and the overall economic environment. A substantial or extended decline in oil and/or natural gas prices could have a material adverse effect on the Company's estimated value of its natural gas and oil reserves, and on its financial position, results of operations and access to capital. The Company's ability to maintain or increase its borrowing capacity, to repay current or future indebtedness and to obtain additional capital on attractive terms is substantially dependent upon oil and natural gas prices.

The Company uses the full cost method of accounting for its investment in oil and gas properties. Under the full cost method of accounting, all costs of acquisition, exploration and development of oil and gas reserves are capitalized into a "full cost pool" as incurred, and properties in the pool are depleted and charged to operations using the unit-of-production method based on the ratio of current production to total proved oil and gas reserves. To the extent that such capitalized costs (net of accumulated depreciation, depletion and amortization) less deferred taxes exceed the SEC PV-10 (present value discounted at 10% as dictated by the SEC) of estimated future net cash flow from proved reserves of oil and gas, and the lower of cost or fair value of unproved properties after income tax effects, such excess costs are charged against earnings. Once incurred, a write-down of oil and gas properties is not reversible at a later date even if oil or gas prices increase.

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POWDER RIVER BASIN GAS CORP.

(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2002

C O N T E N T S

/Letterhead/

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors
Powder River Basin Gas Corp.

We have audited the accompanying consolidated balance sheets of Powder River Basin Gas Corp. (a development stage company) as of December 31, 2003 and 2002 and the related consolidated statement of operations, stockholders' equity and cash flows for the periods then ended from inception on June 13, 2001 through December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Powder River Basin Gas Corp. as of December 31, 2003 and 2002 and the consolidated results of their operations and their cash flows for the periods then ended and from inception on June 13, 2001 through December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Companies will continue as going concerns. As discussed in Note 2 to the consolidated financial statements, the Company has suffered a loss to date, which raises substantial doubt about its ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ Chisholm, Bierwolf & Nilson, LLC

Chisholm, Bierwolf & Nilson, LLC
Bountiful, Utah
March 29, 2004

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POWDER RIVER BASIN GAS CORP
(A Development Stage Company)
Consolidated Balance Sheet

ASSETS

	December 31, 2003	December 31, 2002
CURRENT ASSETS		
Cash	$ -	$ 12,556
Total Current Assets	$ -	$ 12,556
OIL AND GAS PROPERTIES USING FULL COST ACCOUNTING (Note 1)		
Properties not subject to amortization	2,330,265	1,853,469
Accumulated amortization	-	-
Net Oil and Gas Properties	2,330,265	1,853,469
TOTAL ASSETS	$ 2,330,265	$ 1,866,025

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2003	December 31, 2002
CURRENT LIABILITIES		
Accounts payable	$ 8,778	$ 114,020
Accrued expenses	48,193	48,953
Related party payable (Note 3)	-	317,700
Notes payable (Note 3)	611,400	626,400
Total Current Liabilities	668,371	1,107,073
Total Liabilities	668,371	1,107,073
STOCKHOLDERS' EQUITY		
Common stock; par value $0.001 per share;		

authorized 50,000,000 shares; 84,387,833 and 20,437,833 shares issued outstanding, respectively	84,387	20,437
Capital in excess of par value	5,316,524	3,870,467
Deficit accumulated during development stage	(3,739,017)	(3,131,032)
Treasury stock; zero and 920,000 shares, respectively	-	(920)
Total Stockholders' Equity	1,661,894	658,952
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,330,265	$ 1,866,025

The accompanying notes are an integral part of these financial statements.

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POWDER RIVER BASIN GAS CORP
(A Development Stage Company)
Consolidated Statement of Operations

	December 31, 2003	December 31, 2002	From Inception on June 13, 2001 Through December 31, 2003
REVENUE			
Oil and gas sales	$ -	$ 15,000	$ 15,000
Total Revenue	$ -	15,000	15,000
EXPENSES			
General and administrative	204,528	514,568	745,023
Lease operating costs	-	231,517	326,968
Legal and professional	-	673,293	2,270,856
Travel	-	21,835	88,490
Loss on abandonment of lease	354,217	-	354,217
Total Expenses	558,745	1,441,213	3,785,554
NET OPERATING LOSS	(558,745)	(1,426,213)	(3,770,554)
OTHER INCOME (EXPENSES)			
Interest expense	(49,240)	(18,583)	(68,463)
Total Other Income (Expenses)	(49,240)	(18,583)	(68,463)
NET LOSS	$ (607,985)	$(1,444,796)	$(3,839,017)
BASIC LOSS PER COMMON SHARE	$ (0.02)	$ (0.07)	$ (0.18)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	27,017,148	20,161,422	21,079,123

The accompanying notes are an integral part of these financial statements.

POWDER RIVER BASIN GAS CORP
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity
From Inception on June 13, 2001 through December 31, 2003

	Common Stock				Treasury Stock	
	Shares	Amount	Paid In Capital	Retained Deficit	Shares	Amount
Balance at inception on June 13, 2001	-	$ -	$ -	$ -	-	$ -
Common stock issued for organization costs, $0.001 per share	3,350,000	3,350	-	-	-	-
Common stock issued for services at $0.001 per share	5,650,000	5,650	-	-	-	-
Common stock returned due to noncompletion of services at $0.001 per share	-	-	-	-	(5,040,000)	(5,040)
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	80,090	-	-	-
Common stock issued for services at $0.81						

	Shares	Amount	Paid In Capital	Retained Deficit	Treasury Stock Shares	Treasury Stock Amount
per share	-	-	453,040	-	560,000	560
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	-	920,000	920
Common stock issued in lieu of accounts payable at $1.00 per share	247,833	247	247,587	-	-	-
Net loss for the year ended December 31, 2001	-	-	-	(1,786,236)	-	-
Balance, December 31, 2001	19,907,833	19,907	2,459,687	(1,786,236)	(3,560,000)	$(3,560)

The accompanying notes are an integral part of these financial statements.

POWDER RIVER BASIN GAS CORP
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity
From Inception on June 13, 2001 through December 31, 2003

	Common Stock		Paid In	Retained	Treasury Stock	
	Shares	Amount	Capital	Deficit	Shares	Amount
Common stock issued for payables at $0.61 per share	-	-	152,250	-	250,000	250
Common stock issued for services valued at $0.61 per share	-	-	407,420	-	630,000	630
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	-	1,130,000	1,130
Common stock issued for services at $0.09 per share	-	-	56,070	-	630,000	630
Common stock issued for related party payables at $0.20 per share	500,000	500	99,500	-	-	-

Net loss for the year ended December 31, 2002	-	-	-	(1,344,796)	-	-
Balance, December 31, 2002	20,437,833	20,437	3,870,467	(3,131,032)	(920,000)	(920)
Shares issued to a related party for debt reduction valued at $0.07 per share	4,700,000	4,700	343,000	-	-	-
Shares issued for settlement of accounts payable and accrued wages at $0.009 per share	16,000,000	16,000	131,317	-	-	-
Shares issued for services rendered at $0.023 per share	5,250,000	5,250	115,500	-	-	-

The accompanying notes are an integral part of these financial statements.

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POWDER RIVER BASIN GAS CORP
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity
From Inception on June 13, 2001 through December 31, 2003

	Common Stock		Paid In	Retained	Treasury Stock	
	Shares	Amount	Capital	Deficit	Shares	Amount
Shares issued for the acquisition of Arcadia Project at $0.023 per share	38,000,000	38,000	836,000	-	-	-
Shares issued for services at $0.023 per share	-	-	20,240	-	920,000	920
Net loss for the year ended December 31, 2003	-	-	-	(607,985)	-	-
Balance, December 31, 2003	84,387,833	$84,387	$5,316,524	$(3,739,017)	-	$ -

The accompanying notes are an integral part of these financial statements.

POWDER RIVER BASIN GAS CORP.
(A Development Stage Company)
Consolidated Statement of Cash Flows

	December 31, 2003	December 31, 2002	From Inception on June 13, 2001 through December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (607,985)	$(1,344,796)	$(3,739,017)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Common stock issued for services rendered	141,910	1,131,450	2,755,570
Common stock issued for retirement of accounts payable	177,318	152,500	410,818
Loss on abandonment of leases	354,217	-	354,217
Changes in operating assets and liabilities:			
Increase (decrease) in accounts payable	(106,002)	(280,874)	(340,817)
Net Cash Provided (Used) by Operating Activities	(40,542)	(341,720)	(559,229)
CASH FLOWS FROM INVESTING ACTIVITIES			

Expenditures for oil and gas property development	(172,014)	(283,400)	(1,298,814)
Net Cash (Used) by Investing Activities	(172,014)	(283,400)	(1,298,814)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on Notes Payable and Long-term liabilities	-	(69,147)	(69,147)
Proceeds from notes payable and long-term liabilities	200,000	674,500	1,232,200
Proceeds from issuance of common stock	-	30,000	694,990
Net Cash Provided by Financing Activities	200,000	635,353	1,858,043
NET INCREASE (DECREASE) IN CASH	(12,556)	10,233	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,556	2,323	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ -	$ 12,556	$ -

The accompanying notes are an integral part of these financial statements.

POWDER RIVER BASIN GAS CORP.
(A Development Stage Company)
Consolidated Statement of Cash Flows

	December 31, 2003	December 31, 2002	From Inception on June 13, 2001 through December 31, 2003
CASH PAID FOR:			
Interest	$ -	$ 18,583	$ 19,223
Income taxes	$ -	$ -	$ -
NON-CASH FINANCING ACTIVITIES:			
Common stock issued for payment of accounts payable pertaining to acquisition of oil and gas properties	$ -	$ 152,500	$ 400,334
Common stock issued to retire accounts payable	$ 177,318	$ 100,000	$ 181,000
Common stock issued for services rendered	$ 141,910	$ 1,131,450	$ 2,755,570
Common stock issued for satisfaction of long-term debt	$ 317,699	$ -	$ 317,699

The accompanying notes are an integral part of these financial statements.

POWDER RIVER BASIN GAS CORP.
(A Development Stage Company)
Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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 the state of 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 8,096.83 net acres. Two wells have been drilled on one lease and eleven additional wells have been spudded.

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. The Company issued 9,000,000 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 9,000,000 shares of common stock for the receipt of 9,000,000 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 issued in recording the business combination.

b. Revenue and Cost Recognition

The Company's consolidated financial statements are prepared using the accrual method of accounting. The Company has elected a December 31, year end.

POWDER RIVER BASIN GAS CORP.
(A Development Stage Company)
Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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 year ended December 31, 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 December 31, 2003 and 2002, proved oil and gas reserves had been identified on one of the Companies oil and gas properties, however, no extraction has begun; therefore, no amortization has been recorded for the year ending December 31, 2003 and 2002. All other wells are incomplete as of December 31, 2003 and 2002.

c. Bad Debts

Bad debts on receivables are charged to expense in the year the receivable is determined uncollectible, therefore, no allowance for doubtful accounts in included in the financial statements. Amounts determined as uncollectible are not significant to the overall presentation of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Consolidation

The consolidated financial statements include the accounts of Celebrity Sports Network, Inc. and PRBG. All significant inter-company accounts and transactions have been eliminated in the consolidation.

e. Earnings (Loss) Per Share

The computation of earnings per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements.

POWDER RIVER BASIN GAS CORP.
(A Development Stage Company)
Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Income (Loss) (Numerator)	Shares (Denominator)	Per-Share Amount
For the year ended December 31, 2003:			
Basic EPS			
Income (loss) to common stockholders	$ (607,985)	27,017,148	$ (0.02)
For the year ended December 31, 2002:			
Basic EPS			
Income (loss) to common stockholders	$ (1,444,796)	20,161,422	$ (0.07)

f. Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

g. Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss, tax credit carry-forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

	December 31, 2003	December 31, 2002
Deferred tax assets:		
Net operation loss carry-forwards	$ 1,383,436	$ 1,158,482
Total Deferred Tax Assets	1,383,436	1,158,482
Valuation allowance for deferred tax assets	(1,383,436)	(1,158,482)
	$ -	$ -

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POWDER RIVER BASIN GAS CORP.
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Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At December 31, 2003, the Company has net operating losses of $3,739,017 which expire beginning in 2021.

h. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. In these financial statements assets and liabilities involve extensive reliance on management's estimates. Actual results could differ from those estimates.

i. Property and Equipment

In accordance with Financial Accounting Standards Board Statement No. 121, the Company records impairment of long-lived assets to be held and used or to be disposed of when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount. At December 31, 2003 and 2002, no impairments were recognized.

j. Financial Instruments

The recorded amounts of financial instruments, including cash equivalents, accounts payable and accrued expenses, and long-term debt approximate their market values as of December 31, 2003. The Company has no investments in derivative financial instruments.

k. Newly adopted pronouncements

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FAS 123. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. This Statement also amends APB Opinion No. 28, Interim Financial Reporting, to require disclosure about those effects in interim financial information. SFAS No. 148 is effective for annual and interim periods beginning after December 15, 2002. The adoption of the interim disclosure provisions of SFAS No. 148 did not have an impact on the Company's financial position, results of operations or cash flows. The Company is currently evaluating whether to adopt the fair value based method of accounting for stock-based employee compensation in accordance with SFAS No. 148 and its resulting impact on the Company's consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Newly adopted pronouncements Issued (continued)

In January 2003, the Emerging Issues Task Force ("EITF") issued EITF Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. This consensus addresses certain aspects of accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities, specifically, how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting. EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003, or entities may elect to report the change in accounting as a cumulative-effect adjustment. The adoption of EITF Issue No. 00-21 did not have a material impact on the Company's consolidated financial statements.

In January 2003, the FASB issued Interpretation ("FIN") No. 46, Consolidation of Variable Interest Entities. Until this interpretation, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No. 46 requires a variable interest entity, as defined, to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns. FIN No. 46 is effective for reporting periods ending after December 15, 2003. The adoption of FIN No. 46 did not have an impact on the Company's consolidated financial statements.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, which amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 will not have an impact on the

Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 changes the accounting guidance for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity by now requiring those instruments to be reported as liabilities. SFAS No. 150 also requires disclosure relating to the terms of those instruments and settlement alternatives. SFAS No. 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have an impact on the Company's consolidated financial statements.

In December 2003, the SEC issued SAB No. 104. SAB No. 104 revises or rescinds portions of the interpretative guidance included in Topic 13 of the codification of staff accounting bulletins in order to make this interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. It also rescinds the Revenue Recognition in Financial Statements Frequently Asked Questions and Answers document issued in conjunction with Topic 13. Selected portions of that document have been incorporated into Topic 13. The adoption of SAB No. 104 in December 2003 did not have an impact on the Company's financial position, results of operations or cash flows.

NOTE 2 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company is dependent upon raising capital to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is management's plan to raise additional funds to continue the exploration of the leases, and then to begin extracting methane to sell and generate the necessary funds to continue operations.

NOTE 3 - LONG-TERM LIABILITIES

Long-term liabilities are detailed in the following schedules:

Notes payable:	December 31, 2003	December 31, 2002
Note payable to a company, due in total in January 2002, including interest at 10%.	$ 86,400	$ 86,400
Note payable to an individual, due in total in January 2003, including interest at 12%	25,000	25,000
Note payable to an individual, due in total in May 2003	40,000	40,000
Total continued on the next page	151,400	151,400

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Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 3 - LONG-TERM LIABILITIES (continued)

Total continued from previous page	$151,400	$151,400
Convertible debenture to a Company, due in total by conversion of stock, including interest at 6%	260,000	260,000
Note payable to a Company, due in total on March 2003, including interest at 7.10%	-	215,000
Note payable to a company, due in total on demand, including interest at 12%.	200,000	-
Total Notes Payable	$ 611,400	$ 626,400
Notes payable - related party		
Note payable to Taghmen Ventures, LLC a company owned partially by Greg Smith, the Company's president, unsecured and bears no interest.	$ -	$ 317,700
Total notes payable - related party	-	317,700
Total long-term liabilities	611,400	944,100
Less: current portion	611,400	626,400
Less: current portion-related party	-	317,700
Total current portion	611,400	944,100
Total Long-Term Liabilities	$ -	$ -

Future minimum principal payments on notes payable are as follows:

Year	
2004	$ 611,400
Total	$ 611,400

NOTE 4 - RELATED PARTY TRANSACTIONS

During 2001, Taghmen Ventures Ltd advanced funds to the Company. The Company's president, is the general partner of Taghmen. The president advanced a total of $350,000 to the Company of which $15,000 and $17,300 were paid back during 2002 and 2001, respectively. At December 31, 2002, the Company had an outstanding balance due of $317,000. The note is non-interest bearing and due in February 2002. In 2003, the Company issued 4,550,000 shares of common stock to satisfy the remaining portion of debt outstanding.

In 2002, 500,000 shares were issued to the president to reduce accrued wages by $100,000.

POWDER RIVER BASIN GAS CORP.
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Notes to the Financial Statements
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NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Company has entered into various oil and gas leases from several land owners. Associated with the agreements, the Company is committed to various royalty agreements ranging from 15% to 25% of gross revenue production. Some of the leases also provide for a minimum royalty. As of December 31, 2003 and 2002, no royalties were due.

NOTE 6 - STOCK TRANSACTIONS

On June 13, 2001, the Company issued 3,350,000 shares of common stock for organization expenses at $0.001 per share.

In September 2001, the Company issued 5,650,000 shares for services provided in connection with the acquisition of Powder River Basin Gas Corp. at $0.001 per share.

In September 2001, 5,040,000 shares of the Company's common stock was returned due to non-completion of services in connection with the acquisition of Powder River Basin Gas Corp. at $.001 per share.

In September 2001, the Company issued 100,000 shares to a vendor for satisfaction of accounts payable at $0.81 per share.

In October 2001, the Company issued 560,000 shares of treasury stock for services at $0.81 per share.

In October 2001, the Company authorized the issuance of 600,000 shares for cash of $664,990 at $1.10 per share, pursuant to a Reg D 506 exempt offering,

In November 2001, the Company issued 920,000 shares of treasury stock for services at $1.11 per share.

In December 2001, the Company issued 247,833 shares to satisfy debt associated with the acquisition of oil and gas leases at $1.00 per share.

In January 2002, the Company issued 250,000 shares of treasury stock to a vendor to satisfy accounts payable at $0.61 per share.

In January 2002, the Company issued 630,000 shares of treasury stock for services at $0.61 per share.

In March 2002, the Company issued 30,000 shares of common stock at $1.00 per share.

In March 2002, the Company issued 1,130,000 shares of treasury stock for services at $0.59 per share.

In July 2002, the Company issued 630,000 shares of treasury stock for services at $0.09 per share.

In July 2002, the Company issued 500,000 shares of common stock to a related party for reduction of wages at $0.20 per share.

POWDER RIVER BASIN GAS CORP.
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Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 6 - STOCK TRANSACTIONS (Continued)

During the year, the Company issued a total of 20,700,000 shares of common stock in settlement of $347,700 of related party debt and $147,317 of accounts payable and accrued wages. Accordingly, $474,317 has been charged to additional paid in capital.

In September 2003, the Company issued 5,250,000 shares of common stock for services rendered on behalf of the Company. The services were valued at a total amount of $126,000.

On December 16, 2003, the Company issued 38,000,000 shares of common stock to acquire an oil and gas property. The property was valued using the average fair market value of the Company's common stock during the month of December multiplied by the number of shares issued. Therefore, the property was valued at a total price of $874,000.

During the year, the Company issued 920,000 shares of treasury stock for services rendered. Total value of the services was $21,160.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent to year end, the Company issued 3,440,856 shares of common stock in satisfaction of $260,000 in convertible debentures.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): Powder River Basin Gas Corporation

/s/ Brian D. Fox Date: March 30, 2004
Brian D. Fox, President