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POWDER RIVER BASIN GAS CORP
Form PRE 14C
March 20, 2003

PRELIMINARY INFORMATION STATEMENT

SCHEDULE 14C
(RULE 14C-101)

INFORMATION REQUIRED IN INFORMATION STATEMENT

SCHEDULE 14C INFORMATION

INFORMATION STATEMENT PURSUANT TO SECTION 14(c)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by Registrant [X]
Filed by Party other than the Registrant []

Check the appropriate box:

[X] Preliminary Information Statement [] Confidential, for Use of the
Commission Only (as permitted
by Rule 14c-5(d)(2))
 [] Definitive Information Statement

POWDER RIVER BASIN GAS CORP.

(Name of Registrant As Specified in Charter)

Payment of Filing Fee (Check the appropriate box):

[X] No Fee required.
 [] Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

[] Fee paid previously with preliminary materials

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:

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(4) Date Filed:

POWDER RIVER BASIN GAS CORP.
PO BOX 7500
Dallas, TX
(214) 526-5678

To Our Stockholders:

The purpose of this letter is to inform you that we intend to take the following action by written consent of our stockholders:

To amend our Articles of Incorporation to increase our authorized shares of common stock, par value \$.001, from 50,000,000 shares to 200,000,000 shares of common stock, par value, \$.001.

OUTSTANDING SHARES AND VOTING RIGHTS

As of the Record Date, the Company's authorized capitalization consisted of 50,000,000 shares of common stock, \$.001 par value per share (the "Common Stock"), of which 30,387,833 shares were issued and outstanding as of the Record Date. Holders of a majority of our outstanding common stock owning approximately 51% of the outstanding shares of our Common Stock (the "Majority Stockholders"), have executed a written consent in favor of the actions described above. This consent will satisfy the stockholder approval requirement for the proposed action. Pursuant to Rule 14c-2 under the Securities Exchange Act of 1934, as amended, the proposals will not be adopted until a date at least 20 days after the date on which this Information Statement has been mailed to the stockholders. The Company anticipates that the actions contemplated herein will be effected on or about the close of business on March ____, 2003.

The Company has asked brokers and other custodians, nominees and fiduciaries to forward this Information Statement to the beneficial owners of the Common Stock held of record by such persons and will reimburse such persons for out-of-pocket expenses incurred in forwarding such material.

WE ARE NOT ASKING FOR YOUR PROXY. Because the written consent of the Majority Stockholders satisfies any applicable stockholder voting requirement of the Colorado Law and our Articles of Incorporation and By-Laws, we are not asking for a proxy and you are not requested to send one.

The accompanying Information Statement is for information purposes only and explains the terms of the amendment to our Amended Articles of Incorporation. Please read the accompanying Information Statement carefully.

By Order of the Board of Directors,

/s/ Gregory C. Smith

Gregory C. Smith
Chairman and Chief Financial Officer

March ____, 2003

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POWDER RIVER BASIN GAS CORP.
PO BOX 7500
Dallas, TX
(214) 526-5678

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

This Information Statement is being mailed on or about April 20, 2003 to the stockholders of record of POWDER RIVER BASIN GAS CORP. (the "Company") at the close of business on March 31, 2003 (the "Record Date"). This Information Statement is being sent to you for information purposes only. No action is requested on your part.

This Information Statement is being furnished to our stockholders to inform you of the adoption of resolutions by written consent by the holders of a majority of the outstanding shares of our common stock, par value \$.001. The resolutions adopted by such holders of a majority of the outstanding Common Stock (the "Majority Stockholders") give us the authority to take the following actions (collectively, the "Stockholder Resolutions"):

To amend our Articles of Incorporation to increase our authorized shares of common stock, par value \$.001, from 50,000,000 shares to 200,000,000 shares of common stock, par value, \$.001.

The board of directors of the Company (the "Board of Directors") has adopted resolutions authorizing the Company to amend its Articles of Incorporation to increase its authorized shares of common stock, par value \$.001, from 50,000,000 shares to 200,000,000 shares of common stock, par value, \$.001.

The Company will pay all costs associated with the distribution of the Information Statement, including the costs of printing and mailing.

PROPOSAL TO AMEND THE COMPANY'S CERTIFICATE OF INCORPORATION
TO INCREASE THE NUMBER OF AUTHORIZED SHARES
OF COMMON STOCK OF THE COMPANY
(ACTION NO. 1)

The Certificate of Incorporation of the Company currently authorizes the Company to issue 50,000,000 shares of Common Stock and does not authorize the issuance of shares of preferred stock. As of March 14, 2003, the Company had issued and outstanding 30,387,833 shares of its Common Stock, leaving the Company (in the opinion of its Board of Directors) with an insufficient number of shares of Common Stock available for issuance necessary for the Company to efficiently continue its operations. Accordingly, the Board of Directors has adopted and the stockholders have approved, an amendment to the Company's Certificate of Incorporation to increase the number of shares of Common Stock the Company is authorized to issue from 50,000,000 shares to 200,000,000 shares.

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The additional shares of Common Stock to be authorized for issuance upon the adoption of such amendment would possess rights identical to the currently authorized Common Stock. The stockholders of Common Stock are entitled to one vote for each share held of record on all matters to be voted on by the stockholders. All voting is on a non-cumulative basis. The stockholders of Common stock do not have any preemptive rights, conversion rights, or applicable redemption or sinking fund provisions. The amendment to authorize the issuance of additional shares of Common Stock will not have any effect on the par value of the Common Stock. Nevertheless, the issuance of such additionally authorized shares of Common Stock would affect the voting rights of the current stockholders of the Company because there would be an increase in the number of outstanding shares entitled to vote on corporate matters, including the election of directors, if and when any such shares of Common Stock are issued in the future.

If the Board of Directors determines that an issuance of shares of the Company's Common Stock is in the best interest of the Company and the Company's stockholders, the issuance of additional shares could have the effect of diluting the earnings per share or book value per share of the outstanding shares of Common Stock or the stock ownership or voting rights of a stockholder.

An increase in the number of authorized shares of Common Stock will enable the Company to take advantage of various potential business opportunities through the issuance of the Company's securities, including, without limitation, issuing stock dividends to existing stockholders, providing equity incentives to employees, officers or directors, establishing certain strategic relationships with other companies and expanding the Company's business through certain acquisitions. The Company has no present plans or intentions to acquire any such businesses. An increase in the number of authorized shares of Common Stock will enable the Company to fulfill its obligation under the documents related to the sale of its convertible debentures so that the Company may have a sufficient number of shares authorized for issuance upon the conversion of such outstanding debentures.

Potential Anti-takeover Effects of the Amendment

The increase in the number of authorized shares of Common Stock and the subsequent issuance of all or a portion of those shares could have the effect of delaying or preventing a change of the Company's control without further action by the stockholders. Subject to applicable law and stock exchange requirements, the Company could issue shares of authorized and unissued Common Stock in one or more transactions that would make a change of control of the Company more difficult and therefore less likely. Any issuance of additional shares could have the effect of diluting the earnings per share and book value per share of the outstanding shares of Common Stock or the stock ownership and voting rights of a person seeking to obtain control of the Company.

The amendment to the Company's Certificate of Incorporation increasing the Company's authorized shares of Common Stock to 200,000,000 shares will become effective upon the filing of a certificate of amendment relating thereto with the Secretary of State of the State of Nevada, which will occur on or about April__, 2003. Under federal securities laws, the Company cannot file the certificate of amendment until at least 20 days after the mailing of this Information Statement.

ADDITIONAL INFORMATION

The Company's annual report on Form 10-KSB for the fiscal year ended

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December 31, 2001 and quarterly report on Form 10-QSB for the quarter ended September 30, 2002 are being delivered to you with this Information Statement. The Company will furnish a copy of any exhibit thereto or other information upon request by a stockholder to the Company's principal offices at POWDER RIVER BASIN GAS CORP., Attention: Gregory C. Smith, PO BOX 7500, Dallas, TX or call (214) 526-5678.

By Order of the Board of Directors,

/s/ Gregory C. Smith

Gregory C. Smith

Dallas, Texas
March __, 2003

EXHIBIT A

Certificate of Amendment of the Certificate of Incorporation
of
Powder River Basin Gas Corp.

The undersigned, being all of the directors of Powder River Basin Gas Corp. (the "Corporation"), a Nevada corporation, hereby certifies:

FIRST: The name of the Corporation is Powder River Basin Gas Corp.

SECOND: The Corporation's Certificate of Amendment to its Certificate of Incorporation was filed with the Department of State of Nevada on November 14, 2000.

THIRD: The Certificate of Incorporation is hereby amended to increase the aggregate number of shares of stock which the Corporation shall have the authority to issue.

FOURTH: To accomplish the amendment relating to the increase in the aggregate number of shares of common stock which the Company shall have authority to issue, from 50,000,000 shares, par value \$.001 per share, to 200,000,000 shares, par value \$.001, the text of Section 1 of Article V of the Certificate of Incorporation is hereby amended to read in full as follows:

"The total number of shares of all classes which the Corporation shall have authority to issue is 210,000,000 of which 10,000,000 shall be Preferred Shares, \$.001 par value per share and 200,000,000 of which shall be Common Stock, \$.001 par value per share, and the designations, preferences, limitations and relative rights of the shares of each class are as follows:"

FIFTH: This Certificate of Amendment to the Certificate of Incorporation was authorized by the members of the Board of Directors on March __, 2003, and by

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the affirmative vote of the holders of a majority of all of the outstanding shares of the Common Stock of the Corporation entitled to vote.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this ___ day of February, 2003 and affirm that the statements contained herein are true under penalties of perjury.

Gregory C. Smith