

Black Raven Energy, Inc.  
Form 10-K  
January 20, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2007**

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission file number: 001-32471**

**BLACK RAVEN ENERGY, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Nevada**  
(State or Other Jurisdiction of)

**20-0563497**  
(I.R.S. Employer Identification No.)

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Incorporation or Organization)

**1125 Seventeenth Street, Suite 2300**  
**Denver, Colorado**  
(Address of Principal Executive Offices)

**80202**  
(Zip Code)

Registrant's Telephone Number, including area code: **(303) 308-1330**

**PRB Energy, Inc.**

**1875 Lawrence Street, Suite 450**

**Denver, CO 80202**

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act: **None.**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$.001 par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not 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-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2007 was approximately \$21,418,965 computed by reference to the closing price of the registrant's common stock on June 30, 2007. For purposes of the calculation of aggregate market value of the registrant's common stock, all common stock of the registrant was deemed to be held by non-affiliates.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of December 31, 2008, the registrant had 7,802,094 shares of common stock outstanding, which is net of 919,900 treasury shares held by the Company.

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**Explanatory Note**

This Annual Report on Form 10-K for the fiscal year ended December 31, 2007 (the "Annual Report") is being filed by Black Raven Energy, Inc. (the "Company") in order to become current in its filing obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition to this Annual Report, the Company simultaneously filed the following delinquent periodic reports with the Securities and Exchange Commission ("SEC"):

- Annual Report on Form 10-K for the year ended December 31, 2008; and
- Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.

This Annual Report should be read together and in connection with the other reports filed with the SEC for a comprehensive description of the Company's current financial condition and operating results. In the interest of complete and accurate disclosure, the Company has included current information in this Annual Report and each of the reports listed above for all material events and developments that have taken place through the date of filing of this Annual Report with the SEC.

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**Cautionary Note Regarding Forward-Looking Statements**

We may from time-to-time make statements that are forward-looking, including statements contained in this Annual Report on Form 10-K and other filings with the Securities and Exchange Commission (the "SEC") and in reports to our shareholders. Such statements may, for example, express expectations or projections about future actions that we may take or about developments beyond our control including changes in domestic or global economic conditions. These statements are made on the basis of our management's views and assumptions as of the time the statements are made and we undertake no obligation to update these statements. Our actual results may differ significantly from the results discussed in the forward-looking statements. General factors that might cause such differences include, but are not limited to:

- Changes in gas prices due to volatility of the market;
- Our ability to evaluate our future performance due to limited operating history;
- The continuance of reserve replacement through development of existing properties in order to sustain production;
- Our ability to insure against liabilities associated with properties or obtain protection from sellers against them;
- Our ability to evaluate projections of acquired property production;
- Our ability to acquire or transact business due to requirements of significant external capital changing our risk and property profile;
- Our ability to manage the risks inherent in operations of gas properties;
- Our exposure to guaranteed indebtedness of our subsidiaries and the covenants in the agreements governing that debt;
- Our ability to manage due to covenants limiting discretion of management in operating our business;

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- Our ability to perform certain development operations depends on financing through equity or debt;
- Our ability to successfully integrate future acquisitions; and
- Our ability to attract and retain professional personnel.

For more information on these and other risk factors that may affect our business, refer to Item 1A Risk Factors included in this Annual Report.

Table of Contents**PART I****ITEM 1. BUSINESS.****Description of Business**

Black Raven Energy, Inc. ( Black Raven, the Company, us, our or we ), formerly known as PRB Energy, Inc. ( PRB Energy ), operates as an independent energy company engaged in the acquisition, exploitation, development and production of natural gas and oil in the Rocky Mountain Region of the United States. During 2007, we also provided gas gathering and compression services for properties we operated and for third-party producers. We were initially incorporated in Nevada under the name PRB Transportation, Inc. in December 2003. In January 2004, we acquired certain gas gathering and related assets of our predecessor company, TOP Gathering, LLC, a privately-held Colorado company formed in 2001. On June 14, 2006, we changed our name to PRB Energy, Inc. On February 2, 2009, in connection with our emergence from bankruptcy, PRB Energy changed its corporate name to Black Raven Energy, Inc.

Throughout 2007, we operated as two business segments through two wholly-owned subsidiaries, PRB Oil and Gas, Inc. ( PRB Oil ), a gas and oil exploitation and production company ( E&P ) incorporated in Colorado in July 2005, and PRB Gathering, Inc. ( PRB Gathering ), a gathering and processing company ( G&P ) incorporated in Colorado in August 2006. During 2007 and 2008, we owned and operated the assets listed below through our two subsidiaries. As of the date of filing of this Annual Report, PRB Gathering remains in Chapter 11 Bankruptcy and we currently only operate our gas exploitation and production business segment. During the pendency of our Chapter 11 Bankruptcy from March 5, 2008 through February 2, 2009, we sold our Antelope Valley and South Kitty Pipeline, our GAP/Bonepile Gathering System and Coal Bed Methane Fields. The status of our assets at December 31, 2008 is outlined below. A more thorough description of the properties is presented in Item 2 of this Annual Report.

Asset Description	Status at December 31, 2009
Antelope Valley and South Kitty Pipeline and GAP/Bonepile Gathering System purchased from Bear Paw Energy in 2004.	Sold in 2008
Gap & Bonepile Coal Bed Methane Fields purchased from Marathon Oil Company in 2006.	Sold in 2008
Recluse Gathering System comprised of the NESH Facility purchased from StormCat Energy, the high discharge lines purchased from Clear Creek Energy, and the True Pipelines. All three acquisitions were completed in 2006.	Turned over to a receiver appointed by the Wyoming State Court effective November 1, 2008
A non-operated working interest in the Homestead Draw Field located in Campbell County, Wyoming.	Owned by Black Raven Energy, Inc.
The Niobrara production and acreage position acquired from Lance Oil & Gas in December 2006.	Owned by Black Raven Energy, Inc.

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The Company sells gas and natural gas liquids to pipelines, refineries and oil companies. Revenues from two customers represented 10% or more of the Company's sales for the year ended December 31, 2007. We do not believe that the loss of any one customer would have a significant impact on our financial results.

### Recent Developments

On March 5, 2008, PRB Energy and its subsidiaries filed voluntary petitions for relief for each business entity (the Chapter 11 Bankruptcy) under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the District of Colorado (the Bankruptcy Court). PRB Energy continued to operate its business as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. Due to economic and personnel constraints, PRB Energy was unable to file its annual and quarterly reports with the SEC during its bankruptcy proceedings.

On January 16, 2009, the Bankruptcy Court entered an order confirming PRB Energy's and PRB Oil's Modified Second Amended Joint Plan of Reorganization (the Plan). The effective date of the Plan was February 2, 2009 (the Effective Date). Pursuant to the Plan, all 8,721,994 shares of PRB Energy's outstanding common stock were cancelled and PRB Energy changed its

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corporate name to Black Raven Energy, Inc. The Plan provided that we continue as a public company following our emergence from bankruptcy and for the issuance of new common stock of Black Raven ( New Common Stock ) to certain claimants, with such New Common Stock to be traded on the OTC Bulletin Board or a nationally recognized securities exchange, subject to compliance with applicable regulations. After the Effective Date of the Plan, we issued the following securities in accordance with the Plan:

- 13.5 million shares of New Common Stock to West Coast Opportunity Fund, LLC ( WCOF ), the principal pre-petition secured creditor;
- 1,419,339 million shares of New Common Stock, on a pro-rata basis, to holders of Class A-4 Claims (as defined in the Plan);
- 74,959 shares of New Common Stock, on a pro-rata basis, to holders of Class B-5 Claims (as defined in the Plan);
- Warrants to purchase 1,419,339 million shares of New Common Stock at an exercise price of \$2.50 per share, on a pro-rata basis, to holders of Class A-4 Claims; and
- Warrants to purchase 74,959 shares of New Common Stock at an exercise price of \$2.50 per share, on a pro-rata basis, to holders of Class B-5 Claims.

PRB Gathering remains in Chapter 11 Bankruptcy. The summary of the Plan is qualified in its entirety by reference to the full text of the Plan filed with the SEC on January 16, 2009 as Exhibit 99.1 to our Current Report on Form 8-K.

On February 2, 2009, in connection with the consummation of the Plan, we, along with our subsidiary PRB Oil, entered into a Limited Waiver, Consent, and Modification Agreement (the Modification Agreement ) with WCOF. Under the Modification Agreement, we issued an Amended and Restated Senior Secured Debenture (the Amended Debenture ), payable to WCOF in the amount of \$18.45 million. The Amended Debenture superseded and amended the senior secured debentures issued by PRB Oil to WCOF and DKR Soundshore Oasis Holding Fund Ltd. on December 28, 2006. Under the terms of the Amended Debenture, \$3.75 million of the outstanding principal balance and unpaid accrued interest are due on December 31, 2009, with the remainder of the outstanding balance and unpaid accrued interest due on December 31, 2010. The Amended Debenture accrues interest at 10% per annum payable quarterly. The summary of the Modification Agreement and the Amended Debenture is qualified in its entirety by reference to the full text of these documents, which were filed on February 6, 2009 as Exhibits 10.1 and 4.1, respectively, to our Current Report on Form 8-K.

On the Effective Date, as required by the Plan, William F. Hayworth, Gus J. Blass III and Atticus Lowe were appointed as members of our Board of Directors (the Board ). Mr. Hayworth was also appointed to serve as our President and Chief Executive Officer.

On the Effective Date, Amended and Restated Articles of Incorporation (the Articles ) were filed with the Nevada Secretary of State to change our corporate name to Black Raven Energy, Inc. and we adopted Amended and Restated Bylaws (the Bylaws ). Subsequently, PRB Oil was merged into the Company. The full text of the Articles and Amended Bylaws were filed on February 2, 2009 as Exhibits 3.1 and 3.2, respectively, to our Current Report on Form 8-K.

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Effective April 13, 2009, Black Raven, WCOF and the Official Committee of Unsecured Creditors Appointed by the Bankruptcy Court entered into an Agreement Regarding New Equity Raise Under the Modified Second Amended Joint Plan of Reorganization (the "New Equity Agreement"). The New Equity Agreement modified the obligations of the parties under the Plan and released WCOF from its obligation to raise or guarantee \$7.5 million of additional funding for us. The New Equity Agreement required WCOF to purchase 166,667 shares of the New Common Stock from us for \$3.00 per share within 10 business days of the New Equity Agreement and an additional \$3 million of New Common Stock, preferred stock or convertible debt securities from time to time prior to September 10, 2010, at a purchase price of \$2.00 per share. The New Equity Agreement also modified the interest rate under the Amended Debenture and extended the maturity date of the Amended Debenture to December 31, 2011. The summary of the New Equity Agreement is qualified in its entirety by reference to the full text of the Plan filed with the SEC on May 1, 2009 as Exhibit 10.1 to our Current Report on Form 8-K.

On April 23, 2009, we entered into a Securities Purchase Agreement with WCOF relating to the sale of 166,667 shares of our common stock to WCOF for an aggregate purchase price of \$500,000. The full text of the Securities Purchase Agreement was filed on May 1, 2009 as Exhibit 10.2 to our Current Report on Form 8-K.

On June 3, 2009, the Board adopted the Black Raven Energy, Inc. Equity Compensation Plan (the "Equity Compensation Plan") under which we may grant nonqualified stock options, stock appreciation rights, stock awards or other equity-based awards to certain of our employees, consultants, advisors and non-employee directors. The Board initially reserved 3,791,666 shares of common stock for issuance under the Equity Compensation Plan.

On July 8, 2009, the Board appointed Dan Frederickson as a member of the Board and Tom Riley as Chairman and Chief Executive Officer, subject to the execution of employment agreements. Concurrently, William F. Hayworth resigned as Chief

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Executive Officer but retained the position as President and a member of the Board.

On July 9, 2009, we entered into a Securities Purchase Agreement with WCOF relating to the sale of 500,000 shares of our common stock to WCOF for an aggregate purchase price of \$1 million.

On August 27, 2009, we entered into a Securities Purchase Agreement with WCOF for the sale of 250,000 shares of our common stock to WCOF for an aggregate purchase price of \$500,000.

On September 16, 2009, Black Raven and WCOF entered into a Securities Purchase Agreement for the sale of 750,000 shares of Black Raven common stock to WCOF for an aggregate purchase price of \$1.5 million.

**Competition**

Our gas exploitation activities take place in a highly competitive and speculative business atmosphere. As an independent producer, we have little control over the price we receive for our natural gas. As such, higher costs, fees and taxes assessed at the producer level cannot necessarily be passed on to our customers. In seeking suitable oil and gas properties for development or acquisition, we compete with a number of other companies, including large oil and gas companies and other independent operators with greater financial resources. In addition, because we have fewer financial and human resources than many companies in our industry, we may be at a disadvantage in bidding for exploratory prospects and producing oil and natural gas properties.

**Environmental Regulation**

Federal, state and local authorities extensively regulate the energy industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may affect, among other things, the pricing or marketing of gas production. Noncompliance with statutes and regulations may lead to substantial penalties and the overall regulatory burden on the industry increases the cost of doing business and, in turn, decreases profitability.

Governmental authorities regulate various aspects of gas drilling and production, including the drilling of wells (through permit and bonding requirements), the spacing of wells, the unitization or pooling of gas properties, environmental matters, safety standards, the sharing of markets, production limitations, plugging and abandonment and restoration.

**The ongoing operations of the Company are subject to the Clean Water Act, the Clean Air Act, and other environmental regulations** adopted by federal, state and local governmental authorities in jurisdictions where we are engaged in development or production operations. New laws or regulations, or changes to current requirements, could result in material costs or claims with respect to properties we own or have

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owned. We will continue to be subject to uncertainty associated with new regulatory interpretations and inconsistent interpretations between state and federal agencies. We could face significant liabilities to governmental authorities and third parties for discharges of oil, natural gas or other pollutants into the air, soil or water, and we could have to spend substantial amounts on investigations, litigation and remediation. Existing environmental laws or regulations, as currently interpreted or enforced, or as they may be interpreted, enforced or altered in the future, may have a material adverse effect on us.

We have reflected in our consolidated financial statements a reserve for future capital expenditures for remediation costs at the end of the life of the wells. Refer to Note 6 Asset Retirement Obligations to our consolidated financial statements in Item 8 of this Annual Report.

### Employees

As of December 31, 2007, we had 26 full-time employees.

### ITEM 1A. RISK FACTORS.

*You should carefully consider the following risks and other information contained in this report. These risks could materially affect our business, results of operations or financial condition and cause the trading price of our common stock to decline. The risks and uncertainties described below are not the only risks facing us. If any of the following risks or uncertainties actually occurs, our business, financial condition and results of operations could be adversely affected.*

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**Risks Related to the Natural Gas Industry and Our Business**

*Natural gas prices are volatile and a decline in prices could hurt our profitability, financial condition and ability to grow.*

Our revenues, operating results, profitability, future rate of growth and the carrying value of our gas properties depend heavily on the prices we receive from natural gas sales. Gas prices also affect our cash flows and borrowing base, as well as the amount and value of our gas reserves.

Historically, the markets for gas have been volatile and they are likely to continue to be volatile. Wide fluctuations in gas prices may result from relatively minor changes in the supply of and demand for gas, market uncertainty and other factors that are beyond our control, including:

- domestic supplies of natural gas;
- weather conditions in the United States and wherever our property interests are located;
- technological advances affecting energy consumption;
- the price and availability of alternative fuels;
- worldwide and domestic economic conditions;
- actions by OPEC, the Organization of Petroleum Exporting Countries;
- political instability in major oil and gas producing regions;
- the level of consumer demand;
- changes in the overall supply and demand for oil and gas;
- the availability of transportation facilities;
- the ability of oil and gas companies to raise capital;
- the discovery rate of new oil and gas reserves;
- the cost of exploring for, producing and delivering oil and gas;
- the price of foreign imports of oil and gas; and
-