

PRB Gas Transportation, Inc.  
Form 424B1  
May 24, 2006

**Filed pursuant to**

**Rule 424(b)(1)**

**Registration No 333-120129**

**PROSPECTUS**

**1,211,000 Shares**

**PRB Gas Transportation, Inc.**

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**Common Stock**

The selling shareholders identified in this prospectus are offering 1,211,000 shares of common stock. We will not receive any of the proceeds from the sale of the shares being sold by the selling shareholders.

Our common stock is listed on the American Stock Exchange under the symbol PRB . On August 1, 2005, the reported last sale price of our common stock on the American Stock Exchange was \$8.75 per share.

**Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 6 of this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

August 15, 2005

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No dealer, sales person or other individual has been authorized to give any information or to make any representations not contained in this prospectus. If given or made, such information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, the shares in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has not been any change in the facts set forth in this prospectus or in our affairs since the date hereof.

Until September 9, 2005, (25 days after the date of this prospectus), all dealers that buy, sell or trade these securities, may be required to deliver a prospectus.

**Prospectus Summary**

*This summary highlights key aspects of the information contained elsewhere in this prospectus. You should read this entire prospectus carefully, including the historical and pro forma financial statements and the notes to those financial statements included elsewhere in this prospectus. Unless otherwise indicated, the information contained in this prospectus assumes that 411,000 outstanding shares of our Series C Convertible Preferred Stock are converted into an equal number of shares of common stock as of the date of this prospectus.*

**PRB Gas Transportation, Inc.**

**General**

We own and operate natural gas gathering systems. We commenced operations in January 2004 upon our acquisition of certain operating assets of TOP Gathering, LLC ( TOP ). In August 2004 we acquired certain operating assets of Bear Paw Energy, LLC ( BPE ) which are located in the same area of Wyoming as the TOP assets. We charge the gas producer or shipper a fee for gathering, compressing and dehydrating natural gas. Our gathering systems collect gas at a producer s wellhead or at a collection point and deliver it to a transmission line owned by a third party. We do not take ownership of gas that we gather.

Our 4.5 mile TOP system, located in Campbell County, Wyoming, services approximately 50 wells operated by three natural gas producers in the Powder River Basin area of Wyoming. The wells serviced by this system are approximately two to three years old. The gathering system has a current throughput capacity of approximately 8 million cubic feet of gas per day and is presently averaging approximately 2 million cubic feet per day or approximately 25% of capacity.

Effective August 1, 2004, we acquired certain operating assets of Bear Paw Energy, LLC also located in Campbell County, Wyoming. The approximately 200 miles of gathering lines we acquired from Bear Paw service 12 producers of natural gas in the Powder River Basin area of Wyoming. The wells serviced by these systems are approximately four to five years old. In April 2004 a portion of the systems was reconfigured to reduce the operating expenses, including compression facilities. The systems are currently averaging approximately 9.3 million cubic feet per day.

Natural gas wells in the Powder River Basin area typically experience sharp declines in production volume in the first several years of production. Production then stabilizes and declines more ratably over a gas well s average life of approximately eight to 10 years. Many of the wells serviced by our TOP and Bear Paw gathering systems have reached a stable decline phase of production. We believe that undeveloped reserves in the fields serviced by these systems may provide additional production that may offset future declines and possibly exceed current gas production.

We plan to expand our present operations through a combination of:

- enhancing the present gathering systems through operating efficiencies and expanding to servicing additional wells within these systems;

- designing and building new gathering systems;

- acquiring existing gathering systems; and

- acquiring working interests in properties in areas where there are opportunities to build new gathering systems.

We currently have no agreements for the design of new systems or the acquisition of existing systems. In general, our acquisition and building criteria focus on the age of the wells serviced or to be serviced by a system and the likelihood of the producers continued development of their fields.

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On April 12, 2005, we completed our initial public offering of 2,300,000 shares of common stock (including the underwriter's over-allotment option of 300,000 shares) at \$5.50 per share. Our stock is listed for trading on the American Stock Exchange under the symbol PRB. We have recorded proceeds of \$10,169,158, net of underwriter's discounts, commissions and expenses including warrants valued at \$583,215, as of June 30, 2005. Invoices for additional offering costs may still be received in the future.

Our executive offices are located at 1401 17th Street, Suite 650, Denver, Colorado 80202 and our telephone number is (303) 308-1330. Our website address is [www.prbtrans.com](http://www.prbtrans.com) and is currently under construction. Information contained on our website does not constitute a part of this prospectus. We were incorporated in Nevada on December 31, 2003.

**The Offering**

Securities outstanding prior to this offering	7,050,000 shares of common stock 411,000 shares of Series C convertible preferred stock (1)
Common stock offered	1,211,000 shares
Common stock to be outstanding after the offering	7,461,000 shares (2)
Use of proceeds	We will not receive any proceeds from the sale of the 1,211,000 shares of common stock offered by our selling stockholders.
Risk factors	Please read <b>Risk Factors</b> beginning on page 6 for a discussion of factors you should consider before investing in our common stock.
American Stock Exchange symbol	PRB

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(1) Series C preferred stockholders may elect to convert their shares into 411,000 shares of common stock. Holders of all shares of our Series C preferred stock have advised us that they intend to convert their preferred stock to common stock upon the effectiveness of the registration statement of which this prospectus is a part.

(2) Amount gives effect to the assumed conversion of 411,000 shares of Series C preferred stock to common stock on a one-to-one basis and excludes:

390,000 shares of common stock issuable upon exercise of stock options; and

245,000 shares of common stock issuable upon exercise of warrants.

### Summary historical and pro forma financial data

The tables below present selected historical financial data of TOP Gathering, LLC, our predecessor, and our restated historical financial data and pro forma financial data with respect to the TOP and Bear Paw acquisitions, the latter restated for the year ended December 31, 2004 and the three months ended March 31, 2005, in each case for the periods and as of the dates indicated. We determined during June 2005 that we invoiced a customer (in respect to the Bear Paw acquisition) incorrectly for the period August 2004 through April 2005. We invoiced the customer the difference between the original invoices and the corrected invoices, approximately \$304 thousand, in June 2005. We collected the amount due from this customer during December 2005. As the Company was not previously able to determine if the \$304 thousand that was invoiced to the customer during June 2005 was going to be paid or was collectible, the Company had not previously recognized the \$304 thousand as revenue. As a result, we have restated our historical financial statements for the year ended December 31, 2004 and the three months ended March 31, 2005, to include the revenues of \$162,450 and \$105,450, respectively.

We have derived the summary historical financial data for the period from inception through December 31, 2001 and the years ended December 31, 2002 and 2003 from the predecessor audited financial statements of TOP that are included in this prospectus.

We have derived the summary historical financial data for the year ended December 31, 2004 from our restated audited financial statements that are included in this prospectus and include the operating results of the assets acquired from TOP from the January 1, 2004 acquisition date, and the restated operating results of the assets acquired from Bear Paw from the August 1, 2004 acquisition date. For additional information on this matter see Note 2 Restatement of Results, on page F-11 of the restated Company financial statements for the year ended December 31, 2004, included herein.

We have derived the summary historical financial data for the three months ended March 31, 2005 and 2004 from our restated unaudited financial statements that are included in this prospectus. The operating results for 2005 include the operating results of the assets acquired from both TOP and Bear Paw. The operating results for 2004 include the operating results of the assets acquired from TOP from the January 1, 2004 acquisition date. For additional information on this matter see Note 2 Restatement of Results, on page F-31 of the restated Company financial statements for the three months ended March 31, 2005, included herein.

We have derived the restated pro forma statement of operations data and other financial data from the restated pro forma financial statements that are included in this prospectus. They are presented for the year ended December 31, 2004 and give effect to the Bear Paw acquisition as if it occurred as of January 1, 2004, including the effect of recording the invoice corrections noted above in the appropriate period in respect to the period January 1, 2004 through July 31, 2004. For additional information on this matter see Note 2 Restatement of Results, on page F-59 of the restated pro forma financial statements included herein.

In the tables below we present restated earnings before interest, taxes, depreciation and amortization, or EBITDA. EBITDA is a financial measure which we use in our business but that is not calculated and presented in accordance with generally accepted accounting principles, or GAAP. See discussion regarding Non-GAAP Financial Measure to Selected Historical and Pro Forma Financial Data for a definition of EBITDA and a reconciliation of EBITDA to our income and cash flows from operating activities.

The following tables should be read together with, and are qualified in their entirety by reference to, the historical and pro forma financial statements and the accompanying notes included elsewhere in this prospectus. The tables should also be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations.





## Summary historical and pro forma financial data

## Statement of operations data

	PRB Gas Transportation, Inc.				TOP Gathering, LLC (Predecessor)		
	Year ended December 31, 2004	Pro forma Year ended December 31, 2004 As restated (3) (unaudited)	Three months ended March 31, 2005 (unaudited)	Three months ended March 31, 2004 (unaudited)	Year ended December 31, 2003	Year ended December 31, 2002	Period from inception through December 31, 2001
Gas gathering revenues:							
Related party	\$ 692,409	\$ 692,409	\$	\$ 197,484	\$ 1,360,000	\$ 2,097,262	\$
Other	1,839,277	3,487,635	841,057	201,427	638,960		
	2,531,686	4,180,044	841,057	398,911	1,998,960	2,097,262	
Expenses:							
Operating	1,314,392	1,999,606	490,792	218,770	1,221,983	1,536,914	2,269
Depreciation and amortization	655,763	1,101,817	277,454	83,636	521,945	1,044,340	
General and administrative	1,183,831	1,183,831	261,502	88,955	155,554	143,247	
	3,153,986	4,285,254	1,029,748	391,361	1,899,482	2,724,501	2,269
Operating income (loss)	(622,300)	(105,210)	(188,691)	7,550	99,478	(627,239)	(2,269)
Other income (expense):							
Interest income	29,403	29,735	227	3,663	138	1,783	668
Miscellaneous	(668)		300				