

OTC Markets

Alternative Reporting Standard

Financial Statements

For the nine month period ended September 30, 2014

November 14, 2014

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1ST NRG CORP.
BALANCE SHEETS
(Unaudited)

ASSETS	September 30 2014	December 31 2013
Current Assets		
Cash	$ 13,372	$ 60,325
Accounts receivable	13	13
Marketable Securities		
Note Recievable	18,400	
Total current assets	31,785	60,338
Property & Equipment		
Oil & gas properties - successful efforts method	2,774,926	2,774,926
Equipment	18,090	18,090
Asset retirement obligation	6,655	7,645
Undeveloped Properties	179,721	159,721
Total property & equipment	2,979,392	2,960,382
Less accumulated depreciation, depletion & accretion	(70,456)	(65,911)
Net property & equipment	2,908,936	2,894,471
Other Assets		
Restricted Cash	14,405,262	14,414,028
TOTAL ASSETS	17,345,984	17,368,838
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	$ 345,484	$ 323,850
Accrued management compensation	2,949,672	2,707,922
Short term loans payable	523,270	519,320
Advances by related parties	92,357	100,078
Current portion of long term debt	3,800,224	3,613,122
Total current liabilities	7,711,007	7,264,292
Long Term Liabilities		
Asset retirement obligation	6,325	7,315
Secured promissory note	-	-
Total long term liabilities	6,325	7,315
Total liabilities	7,717,332	7,271,607
Stockholders Equity (Deficit)		
Preferred stock - 5,000,000 authorized - par value $0.001		
Series A - issuable	449	449
Series B - issuable	30,000	30,000
Series D - issuable	501	501
Series E - issuable	2	
Unfilled agreements to issue shares	(949)	(949)
Common Stock - 20,000,000,000 authorized - par value $0.00001 919,549 Shares issued and outstanding at September 30, 2014 and 889,497 Shares issued and outstanding at December 31, 2013.	198,676	188,426
331 Shares to be issued at September 30, 2014 and December 31, 2013 respectively	66	66
Shares reserved for issuance	500	500
Additional paid in capital	20,796,052	20,746,302
Retained earnings (deficit)	(10,859,306)	(9,878,975)
Period net income (loss)	(537,340)	(989,089)
Total stockholders' equity (deficit)	9,628,651	10,097,231
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	17,345,984	17,368,838

See notes to the financial statements

1ST NRG CORP.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended		Nine Months ended	
	Sept 30, 2014	Sept 30, 2013	Sept 30, 2014	Sept 30, 2013
Revenues				
Natural Gas Sales	$ 5,172	$ 5,632	$ 16,942	$ 21,127
Total revenues	5,172	5,632	16,942	21,127
Costs and Expenses of Operations				
Transportation/gathering	1,381	2,392	4,010	5,339
Lease operating expense	3,181	6,406	11,265	13,875
Production taxes	479	606	1,623	5,373
Total costs and expenses of operations	5,041	9,404	16,897	24,587
Operating Margin	132	(3,772)	46	(3,460)
Expenses				
Management compensation	83,750	83,750	251,250	401,250
General and administrative	23,352	21,151	128,650	(8,409)
Total Expenses	107,102	104,901	379,900	392,841
Income (loss) from operations	(106,971)	(108,672)	(379,855)	(396,301)
Other Income (Expense)				
Depreciation, depletion & accretion	(1,708)	(1,892)	(4,545)	(6,999)
Intangible Drilling Costs	-	(4,599)	(60,496)	(4,599)
Sale of marketable securities	5,703		109,391	-
Interest Expense	(51,378)	(67,213)	(201,835)	(349,503)
Total Other Income (Expense)	(47,383)	(73,704)	(157,485)	(361,101)
Net Income (Loss)	$ (154,354)	$ (182,376)	$ (537,340)	$ (757,402)
Net Income (Loss) Per Common Share	$ (0.168)	$ (0.218)	$ (0.584)	$ (0.906)
Average Number of Shares Outstanding	919,880	836,078	919,880	836,078

See notes to the financial statements

1ST NRG CORP.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended	
	Sept 30, 2014	Sept 30, 2013
Cash flow from operating activities		
Net loss	$ (537,340)	$ (757,402)
Adjustments to reconcile net income (loss) to net cash from operations		
Depreciation, depletion & accretion expense	4,545	6,999
Changes in current assets and liabilities		
(Increase) decrease in accounts receivable	-	(13)
(Increase) decrease in marketable securities	-	
(Increase) decrease in notes receivable	(18,400)	
Increase (decrease) in accounts payable	30,394	(379,584)
Increase (decrease) in accrued management compensation	241,750	229,350
Increase (decrease) in short term loans payable	3,950	400,028
Increase (decrease) in advances by related parties	(7,720)	(30,670)
Increase (decrease) in current portion of long term debt	187,102	867,375
NET CASH PROVIDED BY OPERATING ACTIVITIES	(95,720)	336,083
Investing activities		
Purchase oil & gas properties	(20,000)	-
Purchase equipment	-	-
Asset Retirement	990	990
Restricted Cash	8,767	27,861
NET CASH USED BY INVESTING ACTIVITIES	(10,244)	28,851
Financing activities		
Long term note payable	-	(675,000)
Asset retirement obligation	(990)	(990)
Series D - issuable	-	1
Series E - issuable	2	-
Additional paid in capital - Common stock	49,750	259,627
Retained Earnings	(2)	-
Common stock	10,250	53,373
NET CASH PROVIDED BY FINANCING ACTIVITIES	59,010	(362,989)
Change in cash and cash equivalents	(46,953)	1,945
Cash and cash equivalents at the beginning of the period	60,325	1,616
Cash and cash equivalents at the end of the period	$ 13,372	$ 3,561

See notes to the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - The Company is a State of Delaware corporation and maintains a December 31 fiscal year end.

Nature of Operations - 1st NRG Corp. is an exploration and production company currently engaged in the development of natural gas producing properties in the Powder River Basin of Wyoming. Headquartered in Denver, Colorado, our activity has been centered on the development of coal bed methane reserves where we hold a working interest in 42 producing wells, 1 permitted location and 3,860 undeveloped acres. The Company is expanding its activities into one of North America's most exciting shale plays participating in a development of prospective acreage in SE Ohio encompassing approximately 7,000 acres.

Basis of Presentation - The accompanying financial statements were prepared by the Company and include 1st NRG's share of assets, liabilities, income and expenses from the properties in which the Company has a participating working interest. The Company has no subsidiaries or affiliates with which intercompany transactions are recorded. The Company uses the accrual basis of accounting for financial statement purposes. These statements have not been audited.

Risks and Uncertainties - Historically, oil and natural gas prices have experienced significant fluctuations and natural gas prices have been particularly depressed in recent years. If the Company's assets do not generate income sufficient to meet operating expenses, the Company's perceived market value could adversely be affected. Income from, and the value of, the Company's assets may be adversely affected by the general economic climate, oil & natural gas market conditions such as an oversupply of related assets or a reduction in demand for natural gas or natural gas assets in the areas in which the Company's assets are located, and competition from other energy companies. Revenues from the Company's assets are also affected by such factors as the costs of production and local market conditions.

Cash - Restricted - 1st NRG Corp closed a transaction with nine qualified investors in January 2011, pursuant to which the Investors purchased a private placement of Units consisting of Preferred Shares (convertible into Common Shares) and Warrants to purchase Common Shares. The total Unit purchase was $14,452,014.45 ($16,057.79 per Unit) and $14,405,262 is currently reflected on the Company's Balance Sheet as restricted cash. Under the terms of the Unit Subscription Agreement (USA), the Investor's cash and the Securities purchased (in certificate form) have been deposited in a restricted account with an Intermediary whereby an Account Management Agreement (AMA) between the Investors, the Company and the Intermediary governs the release of funds to the Company from the restricted account. The Investors may NOT request a return of capital without the agreement of 1st NRG and 1st NRG may not request to unwind or alter the transaction without agreement of the Investors. The shares are fully paid and non-assessable.

The funds were to be released to the Company in 36 periodic installments pursuant to the AMA and a schedule approved by the Company and the Investors. Trading volumes at or above a minimum bid price will release a percentage of each periodic "Breakout" funds to the Company. There are provisions within the agreement which address release of funds to the Company in the event that 1) trading volume is below the minimums, and 2) average bid prices are above or below the minimums. These provisions are in place to ensure the offering goes forward in a smooth and timely manner and all the funds are disbursed to the Company and the shares distributed to the Investors. The Company and the Investors are negotiating changes to the AMA to continue release of funds to the Company given the recent share price, share structure and trading volumes.

Revenue Recognition - The Company recognizes oil and gas revenues for only its ownership percentage of total production under the entitlement method. Purchase, sale and transportation of natural gas are recognized upon completion of the sale and when transported volumes are delivered.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management will provide for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on management's assessment of the current status of individual accounts. Balances that would remain outstanding after management has used reasonable collection efforts would be written off through a charge to the valuation allowance and a credit to trade receivables. Accounts receivable are short-term, non-interest bearing and uncollateralized. The Company did not record any allowance for uncollectable receivables in 2014 or 2013. However, In October 2014 we became aware of litigation against the Clabaugh Ranch properties brought by the landowner for non-payment of amounts due under the Surface Use Agreement (SUA). Subsequently, we were also made aware of a second lawsuit brought by the landowner/royalty owner alleging a breach of the oil and gas lease on the fee minerals at Clabaugh Ranch. The alleged non-payments are the responsibility of the operator Mountain Hawk Energy under the Operating Agreement and as such the Company has made a counter claim against

Mountain Hawk for its violation of the Operating Agreement. We fully expect the lawsuits to be settled in the near future and therefore, at this time, have not determined a need to record any Allowance for Uncollectable Receivables

Concentrations of Credit Risk - Financial instruments that subject the Company to credit risk consist principally of cash and receivables. Cash balances are maintained in local financial institutions and at times the balances may be in excess of federally insured limits. Management believes the risk of loss to be minimal. Receivables consist primarily of amounts due from Mountain Hawk Energy for natural gas sales under the JOA.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. The Company's significant estimates include estimated life of long lived assets, use of reserves in the estimation of depletion of oil and gas properties and the impairment of oil and gas properties and asset retirement obligations. Mountain Hawk Energy, the operator of the Clabaugh Ranch field, has not produced the lease operating statements and revenue statements since April 2014, therefore we have made estimates to the current period based upon prior operating expenses, reported production volumes and published commodity prices to estimate our share of revenues and expenses for the period ended September 30, 2014.

Impairment - Long-lived assets, including oil and gas properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected undiscounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognized and measured using the asset's fair value or discounted cash flows. Management does not believe the oil and gas properties are impaired as of September 30, 2014. No provision for impairment has been previously recorded for proved properties.

Fair Value Measurement and Financial Instruments - The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. The fair market value of these financial instruments approximates or is equal to the book value. In 2009, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement and Disclosures* including the application of the statement to non-recurring, non-financial assets and liabilities. The adoption of ASC 820 did not have a material impact on the Company's fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.
Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
Level 3 - Unobservable inputs based on the Company's own assumptions.

ASC 820 requires the use of observable market date if such data is available without undue cost and effect.

Industry Segment and Geographic Information - The Company operates in one industry segment, the exploration, development, production and sale of natural gas. All of the Company's operations are conducted in the continental United States and consequently, the Company currently reports as a single industry segment.

Earnings per Share - Basic earnings per share ("EPS") is calculated by dividing net income (loss) attributable to common stock by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share incorporates the treasury stock method to measure the dilutive impact of potential common stock equivalents by including the effect of outstanding vested and unvested stock options and unvested stock awards in the average number of common shares outstanding during the period.

The following table shows the calculation of basic and diluted weighted average shares outstanding and EPS for the periods indicated:

	For the nine months ended September 30,	
	2014	**2013**
Income (loss) attributable to common stock	**($537,340)**	**($757,402)**
Weighted average shares		
Weighted average shares—basic	**919,880**	**836,078**
Earnings (loss) per share - basic	**($0.584)**	**($0.906)**

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Environmental Issues - The Company is engaged in oil and gas exploration and production and may become subject to certain liabilities as they relate to environmental cleanup of well sites or other environmental restoration procedures as they relate to the drilling of oil and gas wells and the operation thereof. In the Company's acquisition of existing or previously drilled well bores, the Company may not be aware of what environmental safeguards were taken at the time such wells were drilled or during such time the wells were operated. Should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could fall upon the Company.

Management believes its properties are operated in conformity with local, state and Federal regulations. No claim has been made, nor is the Company aware of any uninsured liability which the Company may have, as it relates to any environmental cleanup, restoration or the violation of any rules or regulations relating thereto.

Government Regulation - Many aspects of the oil and gas industry are extensively regulated by Federal, state, and local governments in all areas in which the Company has operations. Regulations govern such things as drilling permits, environmental protection and pollution control, spacing of wells, the unitization and pooling of properties, reports concerning operations, royalty rates, and various other matters, including taxation. Oil and gas industry legislation and administrative regulations are periodically changed for a variety of political, economic and other reasons. The Company has not been fined or cited for any violations of governmental regulations that would have a material adverse effect upon the financial condition, capital expenditures, earnings, or competitive position of the Company in the oil and gas industry

Note 3 - PREFERRED STOCK AND STOCKHOLDER'S EQUITY

Preferred Class A - 1st NRG Corp closed a transaction with nine qualified investors in January 2011, pursuant to which the Investors purchased a private placement of Units consisting of Preferred Shares (convertible into Common Shares) and Warrants to purchase Common Shares. The total Unit purchase was $14,452,014.45 ($16,057.79 per Unit) and $14,405,262 is currently reflected on the Company's Balance Sheet as restricted cash. Under the terms of the Unit Subscription Agreement (USA), the Investor's cash and the Securities purchased (in certificate form) have been deposited in a restricted account with an Intermediary whereby an Account Management Agreement (AMA) between the Investors, the Company and the Intermediary governs the release of funds to the Company from the restricted account. The Investors may NOT request a return of capital without the agreement of 1st NRG and 1st NRG may not request to unwind or alter the transaction without agreement of the Investors. The shares are fully paid and non-assessable.

The funds were to be released to the Company in 36 periodic installments pursuant to the AMA and a schedule approved by the Company and the Investors. Trading volumes at or above a minimum bid price will release a percentage of each periodic "Breakout" funds to the Company. There are provisions within the agreement which address release of funds to the Company in the event that 1) trading volume is below the minimums, and 2) average bid prices are above or below the minimums. These provisions are in place to ensure the offering goes forward in a smooth and timely manner and all the funds are disbursed to the Company and the shares distributed to the Investors. The Company and the Investors are negotiating changes to the AMA to continue release of funds to the Company given the recent share price, share structure and trading volumes.

If the Average bid for the Company's Common Stock is less than the bid requirements in any Breakout Period the Company at its sole discretion may utilize a pool of 134,781 Preferred "A" Shares (convertible to 13,478,100 Common) which are available to be deposited with the Intermediary to be held for use as the Pricing Workout Pool, (the "PWP"). The PWP would provide additional shares in the event pricing does not meet the expected levels. The existence of the PWP will allow the offering to proceed in a smooth and timely manner.

An additional 314,488 Series "A" Preferred shares make up the Value Added Model (VAM) for the management team. The VAM will bonus shares on a quarterly basis for performance of corporate valuation. Each series of VAM must be preceded by the fulfillment (Delivery or exercise) of either the completed Breakout for that VAM disbursement period as detailed in the AMA. Such bonus pool will be divided as the Company sees fit, but a complete plan will be approved by the Series "A" Investors.

Series B Issuance- Each Series "B" Preferred converts to common shares at par - $0.00001. Shares of Series B Preferred Stock may not be converted into shares of Common Stock for a period of: a) six (6) months after purchase, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) twelve (12) months if the Company does not file such public reports.

The Series B Shares has a face value of $2.50 per share and does not have voting rights. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B Preferred Stock, the holders of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation an amount equal to $1.00 per share or, in the event of an aggregate subscription by a single

subscriber for Series B Preferred Stock in excess of $100,000, $0.997 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) (the "Preference Value"), plus all declared but unpaid dividends, for each share of Series B Preferred Stock held by them. After the payment of the full applicable Preference Value of each share of the Series B Preferred Stock as set forth herein, the remaining assets of the Corporation legally available for distribution, if any, shall be distributed ratably to the holders of the Corporation's Common Stock.

Series D Issuance - As part of the private placement of Series "A' Issuance described above and the AMA agreements the Company issued 500,000 shares of Series "D" Preferred Shares to the Management of the Company. If at least one share of Series D Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series D Preferred Stock at any given time, regardless of their number, shall have voting rights equal to four times the sum of: i) the total number of shares of Common Stock which are issued and outstanding at the time of voting, plus ii) the total number of shares of Series A and Series C Preferred Stocks which are issued and outstanding at the time of voting.

Series E Issuance - The Company declared a special dividend of its Series "E" Preferred Shares to shareholders of record at 4/28/2014 who held at least 100,000 shares of common stock. Each Series "E" Preferred converts to common shares at par - $0.00001. Shares of Series E Preferred Stock may not be converted into shares of Common Stock for a period of: a) six (6) months, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) twelve (12) months if the Company does not file such public reports. The Series E Shares have a face value of $2.50 per share and do not have voting rights. At September 30, 2014 there were 183,969 Series "E" Preferred Shares outstanding.

In February 2012, the Company engaged Ascendiant Capital Partners Client on a non-exclusive basis, to render such assistance, advice, consultation, information, and services to the Officers and/or Directors of Client regarding general business matters including, Capital Structure, Financial Modeling, Merger/Acquisition Activities, Qualifications for Stock Exchange Listings, Corporate Governance, and other Public Company matters. The Company has agreed to issue Ascendiant 15 Common Shares in consideration for entering into the consulting arrangement. At September 30, 2014 these shares still remain unissued.

On April 10th 2012, the company received notice that Mr. Robert Cox, a non affiliated individual, had purchased a promissory note between the company and Orange Investments with a principal amount outstanding of $25,000. Concurrently, the company received notice that Mr. Cox had assigned portions of the Note which had elected to convert portions of the note into common stock of the company. In total, six non affiliated entities converted $12,250.00 of principal into 612 shares of common stock.

As discussed above, 1st NRG Corp closed a transaction with nine qualified investors in January 2011, pursuant to which the Investors purchased a private placement of Units consisting of Preferred Shares (convertible into Common Shares) and 47,438,030 Warrants to purchase Common Shares. The total Unit purchase was $14,452,014.45 ($16,057.79 per Unit) and is currently reflected on the Company's Balance Sheet as restricted cash. In October 2012, the Investors converted the Series A Preffered Shares into 2,246 shares of the Company's common stock.

On December 18th 2012, the Company received notice that Mr. Robert Cox, had assigned portions of the Note he acquired and those assignees elected to convert portions of the note into common stock of the company. In total, four non affiliated entities converted $12,750.00 of principal into 638 shares of common stock.

On December 28th 2012, the Company received notice that four non affiliated entities, had purchased a portion of a promissory note between the company and Orange Investments with a principal amount outstanding of $20,000. Concurrently, the company received notice that the four had elected to convert portions of the note into common stock of the company. In total, four non affiliated entities converted $3,300.00 of principal into 33,000,000 shares of common stock.

On March 7th 2013, the Company received notice that seven non affiliated entities, had purchased a portion of a promissory note between the company and Orange Investments with a principal amount outstanding of $20,000. Concurrently, the company received notice that the seven had elected to convert portions of the note into common stock of the company. In total, the seven non affiliated entities converted $13,000 of principal into 1,650 shares of common stock.

June 13, 2013, the Company issued 375,000 of common stock each, to Mr. William Ellingson and Mr. Kevin Norris for services rendered. Mr. Ellingson and Mr. Norris are on the Company Board of Directors. Additionally, Mr. Norris is the Company's CEO.

On June 25th 2013, the Company received notice that non affiliated entities, had purchased a promissory note between the Company and Sean T. Norris with a principal amount outstanding of $11,500. Concurrently, the company received notice that the purchaser had elected to convert the note into 73,882 shares of common stock of the company.

In November and December 2013, the Company issued 12,500, and 20,000 shares of its common stock to a non affiliated third party in the State of Delaware, pursuant to an exemption from registration provided under Rule 504 of the Securities Act of 1933. The Company received proceeds of $50,000 and $30,000 respectively.

In January and February 2014, the Company issued 51,250 shares of its common stock to a non affiliated third party in the State of Delaware, pursuant to an exemption from registration provided under Rule 504 of the Securities Act of 1933. The Company received proceeds of $60,000.

Effective June 23, 2014 the Company effectuated a reverse stock split comprised of one share of newly issued common stock for each 20,000 shares of common stock held as of the effective date. After the reverse split the Company now has 919,828 common shares outstanding. All quantity references to common shares, both historically and current, have been adjusted to reflect the effect of this action.

Management's Discussion and Analysis of Financial Condition or Plan of Operation

The following discussion and analysis of our financial condition or plan of operation should be read in conjunction with our financial statements and related notes included elsewhere in this report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. Some of the key factors which could cause actual results to vary from our expectations include changes in commodity prices, the timing of planned capital expenditures, availability of acquisitions, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as our ability to access them and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting our business, as well as those factors discussed below, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur.

Our Company

1st NRG Corp. is an exploration and production company currently engaged in the development of natural gas producing properties in the Powder River Basin of Wyoming. Headquartered in Denver, Colorado, our recent activity has been centered on the development of coal bed methane reserves where we hold a working interest in 42 producing wells, 1 permitted location and 3,860 undeveloped acres. The Company is expanding its activities into one of North America's most exciting shale plays participating in a development of prospective acreage in SE Ohio encompassing approximately 7,000 acres.

Our average net daily production for the nine months ended September 30, 2014 was approximately 19 Mcf/d which was down 24.85% from the approximately net 25 Mcf/d for the same period ended September 30, 2013. For the quarter ended September 30, 2014 the Company received an average gross price of $ 2.7254 per net mcf, less estimated transportation and production taxes of $0.9798 per net mcf, resulting in an estimated margin before lease operations and depletion of $ 1.7456 per produced net mcf. The Company does not operate the current population of producing wells and as a result we have no control over lease operating expenses which were $1.6763 per net mcf for the quarter ended September 30, 2014 compared to $2.9085 per net mcf for the same period in 2013. At September 30, 2014 twenty nine wells were producing compared to twenty four wells at September 30, 2013. We hold an average 3.04% (2.5% net) working interest in the producing wells at September 30, 2014.

CBM – Northern Wyoming

Our current properties are characterized by what we believe to be low geologic risk and repeatable development opportunity. Clabaugh Ranch is about 18 miles northwest of Gillette Wyoming and all of the wells drilled there have encountered developed coal seams in the Werner, Upper and Lower Smith, Wyodak/Anderson Lower, Gates and Wall formations. The field now has 43 wells drilled at September 30, 2014 with a success rate of 100%. Our drilling inventory consists of 1 well currently being completed, and 35 future locations, all of which are CBM resource opportunities.

In October 2014 we became aware of litigation against the Clabaugh Ranch properties brought by the landowner for non-payment of amounts due under the Surface Use Agreement (SUA). Subsequently, we were also made aware of a second lawsuit brought by the landowner/royalty owner alleging a breach of the oil and gas lease on the fee minerals at Clabaugh Ranch. The alleged non-payments are the responsibility of the operator Mountain Hawk Energy under the Operating Agreement and as such the Company has made a counter claim against Mountain Hawk for its violation of the Operating Agreement. We fully expect the lawsuits to be settled in the near future.

Utica Shale – Eastern Ohio

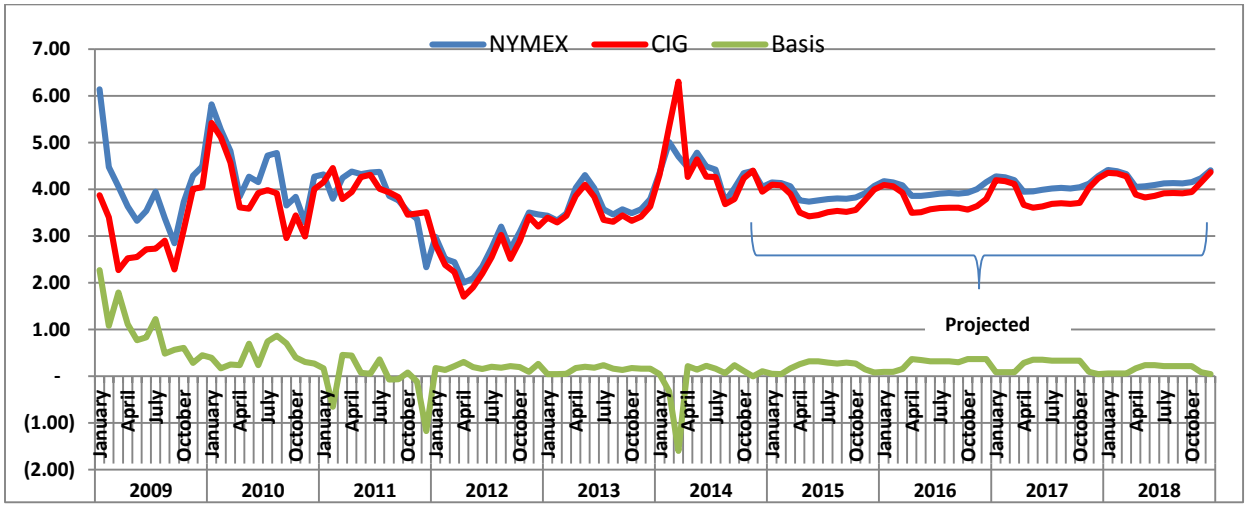
In Ohio, the vertical test well has been drilled, logged, cored and cased to a depth of approximately 7,620 feet. Testing of the well continues as we await the results of a diagnostic fracture injection test and analysis of the cores taken. The Company is attempting to balance the need to provide information to the shareholders and public markets with the confidential nature of the information coming out of the test well.

Liquidity and Capital Resources

In order to execute its strategy the Company will need external sources of funds as cash flows from operations are not currently sufficient to meet the Company's capital and operational needs. Our capital budget needs are adjusted as business conditions warrant and availability of capital. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If natural gas decline to levels below our acceptable levels or costs increase to levels above our acceptable levels, we could choose to defer a significant portion of our budgeted capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Source of Our Revenues

Our production revenues are entirely from the natural gas produced at Clabaugh Ranch. Natural gas prices are inherently volatile and are influenced by many factors outside of our control. Additionally, our production is currently sold by Mountain Hawk Energy, LLC, the current operator of the field, under terms of the governing joint operating agreement. Below is a chart of historical and projected natural gas prices for CIG, NYMEX and the CIG basis differential:



Principal Components of Our Cost Structure

- *Transportation expense* - These are the costs incurred to bring the natural gas to the market and include the gathering and compression fees charged by third parties. The first stage of gathering, by Wyoming law, is not a cost that is borne by the royalty and overriding royalty interest owners and is therefore paid by the working interest owners.

- *Lease Operating Expenses* - These are the daily costs of producing, repairs and work over expenses related to our natural gas properties as incurred under terms of the Operating Agreement with Mountain Hawk Energy. Cost levels for these expenses can vary based on industry drilling and production activity levels and the resulting demand fluctuations for oilfield services.

- *Production taxes* - Production taxes consist of severance and ad valorem taxes and are paid on produced natural gas and oil based on a percentage of market prices (not hedged prices) or at fixed rates established by federal, state or local taxing authorities.

- *Depreciation, depletion and accretion* - This includes the systematic expensing of the capitalized costs incurred to acquire, explore and develop natural gas and oil. As a successful efforts company, we capitalize all costs associated with our acquisition and development efforts and all successful exploration efforts, and allocate these costs to each unit of production using the units of production method.

- *General and administrative expense* - These costs include overhead, excluding payroll and benefits for our corporate staff, costs of maintaining our headquarters, costs of managing our production and development operations, franchise taxes, audit and other professional fees, and legal compliance.

- *Management compensation* - These costs are the current payroll and benefits for our corporate staff which are being accrued.

- *Interest expense* - We have financed a portion of our working capital requirements and acquisitions with borrowings. We also have fixed interest at 14.8% on the Jackson Energy note having a principal balance of $2.7 million. We will likely continue to incur significant interest expense as we continue to grow.

Results of Operations

Nine Months Ended September 30, 2014 Compared to the Nine months ended September 30, 2013

The following table sets forth selected operating data for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

	Nine months ended Sept 30,			
	2014	**2013**	**Change**	
Revenue				
Natural Gas Sales - Wellhead	16,942	21,127	$ (4,184)	-19.81%
	16,942	21,127	(4,184)	-19.81%
Total revenue				
Costs and Expenses				
Transportation - Wellhead	4,010	5,339	(1,329)	-24.90%
Lease operating expenses	11,265	13,875	(2,610)	-18.81%
Production taxes	1,623	5,373	(3,751)	-69.80%
Total Costs and Expenses	16,897	24,587	(7,690)	-31.28%
Operating Margin	46	(3,460)	3,506	-101.32%
Other Income (Expense)				
Depreciation, depletion and accretion	(4,545)	(6,999)	(2,454)	-35.07%
General and administrative	(128,650)	8,409	137,059	1629 %
Management salaries	(251,250)	(401,250)	(150,000)	-37.38%
Intangible drilling costs	(60,496)	(4,599)	55,898	1215.50%
Sale of marketable securities	109,391	0	(109,391)	#DIV/0!
Interest expense	(201,835)	(349,503)	(147,668)	-42.25%
Total Other Income (Expense)	(537,385)	(753,942)	(214,102)	-28.40%
NET INCOME (LOSS)	$ (537,340)	$ (757,402)	$ (210,596)	
Natural gas (Mcf)	5,103	6,790	(1,688)	-24.85%
Daily production (Mcf/d)	19	25	(6)	-24.85%
Average prices:				
Natural gas (per Mcf)	$ 3.3204	$ 3.1114	$ 0.2090	6.72%
Average Costs (per Mcf):				
Transportation expense	$ 0.7858	$ 0.7863	$ (0.0005)	-0.06%
Lease operating expenses	$ 2.2076	$ 2.0434	$ 0.1643	8.04%
Production taxes	$ 0.3180	$ 0.7913	$ (0.4733)	-59.81%
Operating margin (per Mcf)	$ 0.0089	$ (0.5096)	$ 0.5185	-101.75%

Natural gas sales - Revenues from production of natural gas decreased from $21,127 for the nine months ended September 30, 2013 to $16,942 for the nine months ended September 30, 2014, a decrease of $4,184, or approximately 19.81% primarily because of lower production volumes. Our daily net production decreased by 24.85% from 25 net Mcfd for the nine months ended

September 30, 2013 compared to 19 net Mcfd for the corresponding period ended September 30, 2014. The average price received per net mcf increased 6.72% from approximately $3.11/mcf for the nine months ended September 30, 2013 when compared to the approximately $3.32 received for the nine months ended September 30, 2014.

Lease operating expenses. Lease operating expenses decreased $2,610 from the nine months ended September 30, 2013 to $11,265 for the nine months ended September 30, 2014, a decrease of approximately 18.81%. On a per unit basis, lease operating expenses increased in total from $2.04 per Mcf for the nine months ended September 30, 2013 to $2.21 for the nine months ended September 30, 2014. The Company does not operate the current population of producing wells and therefore has no control over expenses at the time they are incurred, but we do note that management of the operator changed 12/31/2013.

Gathering and transportation. Gathering and transportation expense decreased $1,329 or approximately 24.90% from the nine months ended September 30, 2013 to $4,010 for the nine months ended September 30, 2014. We believe this is a result of our continuing dialogue with the operator about the proper methodology to calculate the various pieces of the transportation and gathering at Clabaugh Ranch. On a per unit basis, these expenses decreased from $0.7863 per net Mcf for the nine months ended September 30, 2013 to $0.7858 per net Mcf for the nine months ended September 30, 2014.

Production taxes. Total production taxes decreased by $3,751 or approximately 69.80% for the nine months ended September 30, 2014 compared to the prior year nine months ended September 30, 2013. Production taxes are based upon values received and therefore decreased as a direct result of the lower production volumes and revenue for the nine months ended September 30, 2014 versus the nine months ended September 30, 2013. On a per unit basis, production taxes per Mcf decreased 59.81% from $0.79 to $0.32

General and administrative. General and administrative expense increased from ($8,409) for the nine months ended September 30, 2013 to $128,650 for the nine months ended September 30, 2014. The change was due to the recalculation and payment of the previously estimated Delaware franchise taxes in 2013.

Interest expense. Interest expense decreased $147,668 or approximately 42.25% for the nine months ended September 30, 2013 to $201,835 during the nine months ended September 30, 2014 primarily because of favorable conditions under an existing agreement allowing certain debt conversions into common stock during the first six months of 2013.

Three Months Ended September 30, 2014 Compared to the Three Months Ended September 30, 2013

The following table and discussion sets forth selected operating data for the three months ended September 30, 2014 compared to the three months ended September 30, 2013.

	Three months ended Sept 30,		Change	
	2014	**2013**		
Revenue				
Natural Gas Sales - Wellhead	5,172	5,632	$ (460)	-8.17%
	5,172	5,632	(460)	-8.17%
Total revenue				
Costs and Expenses				
Transportation - Wellhead	1,381	2,392	(1,011)	-42.28%
Lease operating expenses	3,181	6,406	(3,225)	-50.34%
Production taxes	479	606	(127)	-21.00%
Total Costs and Expenses	5,041	9,404	(4,363)	-46.40%
Operating Margin	132	(3,772)	3,903	-103.49%
Other Income (Expense)				
Depreciation, depletion and accretion	(1,708)	(1,892)	184	-9.73%
General and administrative	(23,352)	(21,151)	2,201	-10.41%
Management salaries	(83,750)	(83,750)	0	0.00%
Intangible drilling costs	0	(4,599)	(4,599)	100.00%
Sale of marketable securities	5,703	0	(5,703)	100.00%
Interest expense	(51,378)	(67,213)	(15,835)	-23.56%
Total Other Income (Expense)	(154,485)	(178,605)	(23,935)	-13.40%
NET INCOME (LOSS)	$ (154,354)	$ (182,376)	$ (20,032)	
Natural gas (Mcf)	1,898	2,202	(305)	-13.83%
Daily production (Mcf/d)	21	24	(3)	-13.83%
Average prices:				

Natural gas (per Mcf)	$	2.7254	$	2.5572	$	0.1682	6.58%
Average Costs (per Mcf):								
Transportation expense	$	0.7275	$	1.0861	$	(0.3585)	-33.01%
Lease operating expenses	$	1.6763	$	2.9085	$	(1.2322)	-42.37%
Production taxes	$	0.2523	$	0.2751	$	(0.0229)	-8.32%
Operating margin (per Mcf)	$	0.0693	$	(1.7125)	$	1.7819	-104.05%

Natural gas sales - Revenues from production of natural gas decreased from $5,632 for the quarter ended September 30, 2013 to $5,172 for the quarter ended September 30, 2014, a decrease of $460, or approximately 8.17%. Our daily net production decreased by 13.83% from 24 net Mcfd for the quarter ended September 30, 2013 compared to 21 net Mcfd for the corresponding period ended September 30, 2014. The drop in net daily production was offset somewhat by an increase in the average price received per net mcf from approximately $2.56/mcf for the quarter ended September 30, 2013 to the approximately $2.72 received for the quarter ended September 30, 2014 or 6.58%.

Lease operating expenses. Lease operating expenses decreased $3,225 for the quarter ended September 30, 2013 to $3,181 for the quarter ended September 30, 2014, a decrease of approximately 50.34%. On a per unit basis, lease operating expenses also decreased in total from $2.91 per net Mcf for the quarter ended September 30, 2013 to $1.68 for the quarter ended September 30, 2014. The Company does not operate the current population of producing wells and therefore has no control over expenses at the time they are incurred, however we note the management of the operator changed in December 2013.

Gathering and transportation. Gathering and transportation expense decreased $1,011 or approximately 42.28% when comparing the quarter ended September 30, 2013 to $1,381 for the quarter ended September 30, 2014. On a per unit basis, these expenses decreased from $1.09 per net Mcf for the quarter ended September 30, 2013 to $0.73 per net Mcf for the quarter ended September 30, 2014.

Intangible Drilling Costs. IDC's increased 100% or $4,599 as the Company initiated drilling the Clabaugh Federal 42-15-5376WA.

General and administrative. General and administrative expense, including Management Salaries, increased from $104,901 for the quarter ended September 30, 2013 to $107,102 for the quarter ended September 30, 2014.

Interest expense. Interest expense decreased $15,835 or approximately 12.02% from the quarter ended September 30, 2013 to $51,378 for the quarter ended September 30, 2014 because of favorable conditions under existing agreements allowing conversions of certain debt into Equity.

Cash Flow Provided by Operating Activities

Net cash provided (Used) by operating activities was ($102,588) and $336,083 for the nine months ended September 30, 2014 and 2013, respectively.

Our operating cash flow is sensitive to many variables, the most significant of which is the volatility of prices for natural gas. Prices for these commodities are determined primarily by prevailing market conditions. Regional and worldwide economic activity, weather, infrastructure, and the capacity to reach markets and other variable factors influence market conditions for natural gas. These factors are beyond our control and are difficult to predict.

Cash Flow Used by Investing Activities

For the nine months ended September 30, 2014 and 2013, we had cash provided (Used) by investing activities of ($10,244) and $28,851, respectively.

Our capital budget needs are adjusted as business conditions warrant and availability of capital. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If natural gas decline to levels below our acceptable levels or costs increase to levels above our acceptable levels, we could choose to defer a significant portion of our budgeted capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. Our more significant accounting policies and estimates include the successful efforts method of accounting for oil and gas production activities, estimates of natural gas and oil reserve quantities and standardized measures of future cash flows, and impairment of unproved properties. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements.

Litigation

In October 2014 we became aware of litigation against the Clabaugh Ranch properties brought by the landowner for non-payment of amounts due under the Surface Use Agreement (SUA). Subsequently, we were also made aware of a second lawsuit brought by the landowner/royalty owner alleging a breach of the oil and gas lease on the fee minerals at Clabaugh Ranch. The alleged non-payments are the responsibility of the operator Mountain Hawk Energy under the Operating Agreement and as such the Company has made a counter claim against Mountain Hawk for its violation of the Operating Agreement. We fully expect the lawsuits to be settled in the near future.

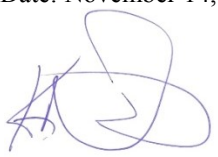
Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements other than operating leases.

Issuer's Certifications

I, Kevin Norris, certify that: 1. I have reviewed this initial disclosure statement of 1st NRG Corp.; 2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and 3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 14, 2014



Kevin Norris
CEO