

## OTC Pink® Basic Disclosure Guidelines

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 ("Exchange Act") as well as Rule 144 of the Securities Act of 1933 ("Securities Act"), and state Blue Sky laws, require issuers to provide *adequate current information* to the public markets. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTC Pink Basic Disclosure Guidelines. We use the basic disclosure information provided by OTC Pink companies under these guidelines to designate the appropriate tier in the OTC Pink marketplace: Current, Limited or No Information. OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for OTC Pink Current Information tier.

### Qualifications for the OTC Pink - Current Information Tier

Companies that make the information described below publicly available on a timely basis (90 days after fiscal year end for Annual Reports; 45 days after each fiscal quarter end for Quarterly Reports) qualify for the Current Information Tier.

#### Initial Qualification:

1. Subscribe to the [OTC Disclosure & News Service](#) on [www.OTCIQ.com](http://www.OTCIQ.com) to publish your financial reports and material news.
2. Create the following documents, save them in PDF format and upload them via [www.OTCIQ.com](http://www.OTCIQ.com):
  - Annual Financial statements (Document must include: Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements) for the previous two fiscal years. If these reports are audited, please attach the audit letter from the [PCAOB](#) registered audit firm. Each year's Annual Financial statements should be posted separately under the report type "Annual Report" in OTCIQ.
  - Any subsequent Quarterly Reports since the most recent Annual Report.
  - The most recent fiscal period end report should also include information in accordance with these OTC Pink Basic Disclosure Guidelines; use the fillable form beginning on page 3.
  - Financial reports must be prepared according to U.S. GAAP, but are not required to be audited to qualify for OTC Pink Current Information tier.
3. If financial reports are not audited by a [PCAOB](#) registered audit firm:
  - Submit a signed Attorney Letter Agreement (first two pages of the [Attorney Letter Guidelines](#)).
  - After following the appropriate procedures with a qualified attorney, upload an Attorney Letter complying with [Attorney Letter Guidelines](#) through your otcq.com account.

#### Ongoing Qualification:

1. **For each Fiscal Quarter End**, upload a Quarterly Report via [www.OTCIQ.com](http://www.OTCIQ.com) within **45 days** of the quarter end. (A separate quarterly report is not required for the 4<sup>th</sup> quarter.) The Quarterly Report should include:
  - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
  - Quarterly financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements). Financial reports must be prepared according to U.S. GAAP, but are not required to be audited.
  - No Audit Letter or Attorney Letter is required.
2. **For each Fiscal Year End**, upload an Annual Report within **90 days** of the fiscal year end. The Annual Report should include:
  - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
  - Annual financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements, and Audit Letter, if the financial statements are audited). Financial reports must be prepared according to U.S. GAAP, but are not required to be audited.
3. If financial reports are not audited by a PCAOB registered audit firm, upload an Attorney Letter via [www.OTCIQ.com](http://www.OTCIQ.com) complying with the [Attorney Letter Guidelines](#) within **120 days** of the fiscal year end.

### **Qualifications for the OTC Pink - Limited Information Tier**

Companies that make the information described below publicly available within the prior 6 months qualify for the Limited Information Tier.

1. Subscribe to the [OTC Disclosure & News Service](http://www.OTCIQ.com) on [www.OTCIQ.com](http://www.OTCIQ.com) to publish your financial reports and material news.
2. Create a Quarterly Report or Annual Report for a fiscal period ended within the previous 6 months, save it in PDF format and upload it via [www.OTCIQ.com](http://www.OTCIQ.com). The Quarterly Report or Annual Report includes:
  - Balance Sheet, Income Statement, and Total Number of Issued and Outstanding Shares. Financial statements must be prepared in accordance with US GAAP, but are not required to be audited. (Please note that Cash Flow Statements are not required to qualify for the Limited Information tier; however, unless the financial statements include a Cash Flow Statement, no financial data will be included in the OTC Financials Data Service, which distributes company financial data to online investor portals and makes the data available on your company's Financials tab on [www.otcm Markets.com](http://www.otcm Markets.com))
  - A company in the Limited Information tier, may, but is not required to, include information in accordance with these OTC Pink Basic Disclosure Guidelines using the fillable form beginning on page 3.

### **Current Reporting of Material Corporate Events**

OTC Markets Group encourages companies to make public disclosure available regarding corporate events that may be material to the issuer and its securities. Persons with knowledge of such events would be considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a news release within 4 business days following their occurrence, and posting such news release through the OTC Disclosure & News Service.

Material corporate events include:

- Entry or Termination of a Material Definitive Agreement
- Completion of Acquisition or Disposition of Assets, Including but not Limited to mergers
- Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer
- Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement
- Costs Associated with Exit or Disposal Activities
- Material Impairments
- Sales of Equity Securities
- Material Modification to Rights of Security Holders
- Changes in Issuer's Certifying Accountant
- Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review
- Changes in Control of Issuer
- Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers
- Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year
- Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics
- Other events the issuer considers to be of importance

## **OTC Pink Basic Disclosure Guidelines**

### **1) Name of the issuer and its predecessors (if any)**

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

1<sup>st</sup> NRG Corp.

### **2) Address of the issuer's principal executive offices**

Company Headquarters

Address 1: 10184 Park Meadows Drive

Address 2: \_\_\_\_\_

Address 3: Lone Tree, Colorado 80124

Phone: 720-484-5706

Email: investorrelations@1stnrg-corp.com

Website(s): http://1stnrg-corp.com

IR Contact

Address 1: Energy IR

Address 2: \_\_\_\_\_

Address 3: \_\_\_\_\_

Phone: 713-304-6962

Email: b\_holmes@att.net

Website(s): \_\_\_\_\_

### **3) Security Information**

Trading Symbol: FNRC

Exact title and class of securities outstanding: Common Stock

CUSIP: 32114B200

Par or Stated Value: .00001

Total shares authorized: 20,000,000,000

as of: 09/30/2013

Total shares outstanding: 16,721,556,872

as of: 09/30/2013

Transfer Agent

Name: Continental Stock Transfer & Trust

Address 1: 17 Battery Place

Address 2: New York, NY 10004

Address 3: \_\_\_\_\_

Phone: \_\_\_\_\_

Is the Transfer Agent registered under the Exchange Act?\*

Yes: ☒

No: ☐

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

#### 4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

July 2011 - Conversion of the Company's Preferred Series C into Common Stock. In December 2009, the Company entered into an agreement with Natural Gas Fuel Company, LLC (NGFCLLC) whereby NGFCLLC agreed to assign certain rights and agreements it held to purchase assets in Wyoming to the Company, in exchange for 500,000 Preferred Class C Shares. The NGFCLLC Preferred shares were converted into 5,000,000 common shares pursuant to a conversion request dated July 6, 2011. Mr. Kevin Norris the Company's CEO was the managing member of NGFCLLC.

February 2012 - Issuance of shares for services. The Company engaged Ascendant 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 Ascendant 300,000 Common Shares in consideration for entering into the consulting arrangement.

April 2012 - Conversion of Company debt into Common Stock. 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 12,249.996 shares of common stock.

October 2012 - Conversion of the Company's Preferred Series A into Common Stock. 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 November 2012, the Investors converted the Series A Preferred Shares into 44,926,902 shares of the Company's common stock.

December 2012 - Conversion of Company debt into Common Stock. On December 18th 2012, the company received notice that Mr. Robert Cox, assigned portions of the Note he acquired and those assignees had 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 12,750,000 shares of common stock.

December 2012 - Conversion of Company debt into 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 130,000,000 shares of common stock.

June 13, 2013, the Company issued 7,500,000,000 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 a non affiliated entitiy, had purchased a promissory note between the Company and Sean T. Norris with a principal amount plus interest outstanding of \$14,776.34. Concurrently, the company received notice that the purchaser had elected to convert the note into 1,477,634,000 shares of common stock of the company.

B. Any jurisdictions where the offering was registered or qualified;

The Company did not conduct any offerings of its Common Stock.

C. The number of shares offered;

The Company did not conduct any offerings of its Common Stock.

D. The number of shares sold;

The Company did not conduct any offerings of its Common Stock.

E. The price at which the shares were offered, and the amount actually paid to the issuer;

The Company did not conduct any offerings of its Common Stock.

F. The trading status of the shares; and

July 2011 - Conversion of the Company's Preferred Series C into Common Stock. These certificates have not yet been issued, however they are recognized as being outstanding. They are not free trading shares.

February 2012 - Issuance of shares for services. The certificate has not yet been issued, however it is recognized as being outstanding. The shares are not free trading shares.

April 2012 - Conversion of Company debt into Common Stock. As of the date of this filing all 12,249,996 shares have been issued, and are free trading.

October 2012 - Conversion of the Company's Preferred Series A into Common Stock. As of the date of this filing all 44,926,902 shares have been issued, and of those shares 18,421,710 are free trading.

December 2012 - Conversion of Company debt into Common Stock. As of the date of this filing all 12,750,000 shares have been issued, and are free trading.

December 2012 - Conversion of Company debt into Common Stock. As of the date of this filing all 33,000,000 shares have been issued, and are free trading.

March 2013 - Conversion of Company debt into Common Stock. As of the date of this filing all 130,000,000 shares have been issued, and are free trading.

June 2013 - Issuance of shares for services. The certificates have been issued, they all bear a restritive legend and the shares are not free trading shares.

June 2013 - Conversion of Company debt into Common Stock. As of the date of this filing all 1,477,634,000 shares have been issued, and are free trading.

- G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

July 2011 - Conversion of the Company's Preferred Series C into Common Stock. These shares have not been issued, the requirement of a legend will be addressed at that time.

February 2012 - Issuance of shares for services. These shares have not been issued, the requirement of a legend will be addressed at that time.

April 2012 - Conversion of Company debt into Common Stock. These shares do not contain a legend.

October 2012 - Conversion of the Company's Preferred Series A into Common Stock. These shares do not contain a legend.

December 2012 - Conversion of Company debt into Common Stock. These shares do not contain a legend.

December 2012 - Conversion of Company debt into Common Stock. These shares do not contain a legend.

March 2013 - Conversion of Company debt into Common Stock. These shares do not contain a legend.

June 2013 - Issuance of shares for services. These bear a restrictive legend and the shares are not free trading shares.

June 2013 - Conversion of Company debt into Common Stock. These shares do not contain a legend.

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than ten percent (10%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

## **5) Financial Statements**

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otcq.com in the field below.

**Incorporated by reference - 1<sup>st</sup> NRG Corp Financial Statements for the Quarter Ended June 30, 2013, posted August 14, 2013**

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

**6) Describe the Issuer's Business, Products and Services**

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

1st NRG Corp is an exploration and production company headquartered in Denver, Colorado. The Company currently owns working interests in producing and prospective CBM wells in the Clabaugh Ranch Field, a development of 6,025 gross acres in the Powder River Basin in northeast Wyoming. The Powder River Basin is a major source of coal bed methane – a clean natural gas. We acquired our interest in the field in August 2010 where currently 42 drilled coal bed methane wells produce approximately 700 MCFD. The target coal formations are part of the Tongue River Member of the Fort Union formation and all of the wells drilled have encountered developed coal seams in the Warner, Upper and Lower Smith, Wyodak/Anderson Lower, Gates and Wall formations. Well log analysis demonstrates gross pay zones of approximately 150-200 feet and the most significant of these are the Werner, Wyodak/Andersen, and Gates coals. We are planning expansion of our activities into unconventional shale potential which include 7,150 acres the Utica Shale in Eastern Ohio. The Utica Shale, not only has potential oil reserves, but also natural gas and natural gas liquids.

Our properties at Clabaugh Ranch are about 20% developed; currently the 42 drilled wells are commingling gas produced from three coals - the upper and lower Smith, and the Wyodak/Anderson. When produced water from these coal seams subside, the intent is to perforate other behind pipe coal seams and begin producing from those coals using the same well bores and equipment (pumps, electricity, water and natural gas gathering systems). This should result in lower total development and operating costs per mcf for the property. There are 8 permitted locations we intend to develop and acreage for 23 locations which will be permitted in the future. We have also identified 1,160 acres which we intend to pursue which would expand the field.

Utica Shale – Eastern Ohio

1st NRG had previously announced its development agreement in SE Ohio and its intention to seek joint venture partners with whom to explore the area for potential developm in the Utica shale. We were pleased to recently announce our participation agreement with a private energy company to develop the prospective acreage in SE Ohio particularly seeking Utica Shale potential. The Company will be carried in the initial vertical test well and participate in future development with a 20% working interest. 1st NRG Corp. will not be the operator.

As information becomes available the size and extent of the Utica Shale resource will become more evident. The Ordovician-aged Utica Shale is distributed across several US states as well as Quebec, Canada and is found approximately 2,000+ ft below the Marcellus Shale. The Utica shale is generally shallower to the West and deepens to the East. In addition to the Utica Shale, other formations such as the Devonian shale, Marcellus shale, Clinton sandstone, Medina Sandstone, Trenton Limestone, Black River, Beekmantown dolomite and Rose Run all are potential targets below the Second Berea. Recently the Ohio Department of Natural Resources released estimates of the possible Utica-Point Pleasant recoverable reserve potential in Ohio to be between 3.75 to 15.7 trillion cubic feet of natural gas and 1.3 to 5.5 billion barrels of oil. The USGS released its first estimates of the reserve potential of the Utica Shale to be about 38 trillion cubic feet of undiscovered, recoverable natural gas, 940 million barrels of oil and 9 million barrels of natural gas liquids. The USGS estimates included part of Maryland, New York, Ohio, Pennsylvania, Virginia, and West Virginia.

B. Date and State (or Jurisdiction) of Incorporation:

1st NRG Corp was incorporated in Delaware on January 8, 1988.

C. the issuer's primary and secondary SIC Codes;

Our primary SIC code is 1311 - Crude Petroleum and Natural Gas

D. the issuer's fiscal year end date;

Fiscal year end - December

E. principal products or services, and their markets;

Natural Gas

## **7) Describe the Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

### Overview

Our activity to date has been centered around the Clabaugh Ranch Field, a project developing coal bed methane reserves (CBM) located in the Powder River Basin of Wyoming. We acquired our interest in the field in August 2010 and the field currently has 42 drilled coal bed methane wells which currently produce approximately 650 to 750 MCFD. The target coal formations are part of the Tongue River Member of the Fort Union formation and all of the wells drilled have encountered developed coal seams in the Warner, Upper and Lower Smith, Wyodak/Anderson Lower, Gates and Wall formations. Well log analysis demonstrates gross pay zones of approximately 150-200 feet in the drilled wells of which the most significant being the Warner, Wyodak/Andersen, and Gates coals.

We believe these multiple coal zones will be valuable. Pursuant to approval from the Wyoming Oil and Gas Commission (the "WOGC"), gas production is comingled from three coals in the producing wells: the Upper and Lower Smith, and the Wyodak/Anderson Lower. When water levels from these coal seams subside, the intention is to perforate other behind pipe coal seams and begin producing from those coals as well. Using the same well bores and capital equipment (pumps, electricity, water and natural gas gathering systems) we expect will result in lower total development and operating costs per Mcf for the properties. We also expect cumulative recovery by simultaneous multiple seam production to be greater than single seam production and result in lower per Mcf operating costs and longer well lives.

The coal seams in the Powder River Basin that are targeted have been extensively mapped as a result of a variety of natural resource developments that have occurred in the region. Industry data from many wellbores drilled by others allows us to determine the extent, thickness, gas saturation, formation pressure and relative permeability of the coal seams. This reduces (but does not entirely eliminate) the risk of drilling unproductive wells, but there is extensive CBM production in the Basin.

Gas production from CBM wells usually is accompanied by production of significant volumes of water from the coals. Water quality varies with the chemical composition of the rocks in which the coals are embedded. Depending on water quality, and local land conditions and regulations, water disposal can be a relatively expensive cost of production. Disposal methods range from reinjection, treatment plants (reverse osmosis or ion exchange), and impoundment systems (ponds) to evaporation sprinklers, irrigation and surface disposal.



A subsurface irrigation system has been installed for water produced from the the Clabaugh properties. Water from the wells (which is potable) is piped to an underground system of dispersal pipes where water seeps down into the alluvial till just below the ground surface. This technique (originally developed as an underground irrigation method - designed to limit evaporation) has been approved by the Wyoming Department of Environmental Quality for use where core drilling shows the subsurface can hold the water. This method is much less expensive than treating the water, and avoids overflow issues associated with impoundment ponds. See "Water Production and Management," below.

Under an industry standard operating agreement, Mountain Hawk Energy, LLC conducts all drilling, completion, and production activities on the current population of 42 producing wells on the Clabaugh Ranch properties. The Company has proposed operations under terms of the Joint Operating Agreements ("JOA"), to drill and complete eight, permitted offset locations. The JOA calls for the operator to be reimbursed for third party drilling, completion, and related field expenses. The JOA agreement also contains industry standard COPAS (Council of Petroleum Accountants Societies) accounting practices, which allow the operator to collect a fee of \$1,250 per well while drilling, and approximately \$445 per month as overhead reimbursement per producing well.

#### Overview of the CBM Industry and the Powder River Basin

CBM is natural gas that is trapped within buried coal and is stored, or adsorbed, onto the internal surfaces of the coal face. Geologists have long known that coal was the source for natural gas found in many conventional accumulations, but coal beds were not targeted for production due to high water content and minimal natural gas production. Following a West Virginia mine explosion in 1968, the U.S. Bureau of Mines began to examine ways of removing methane from coal prior to mining. The Bureau of Mines demonstrated that CBM can be produced when large volumes of water are pumped from a coal seam. In a process known as dewatering a submersible pump is set below the coal seam, and the water column is pumped down, reducing the pressure in the coals. As pressure in the coal bed formation is reduced, CBM is released through a process called desorption. CBM then moves into naturally occurring cracks, or cleats, in the coal, and then to the well bore. Cleats are natural fractures which have formed in the coals, when they were formed and ages of geological stresses. The cleats are generally filled with water, so the static water level above the coal must be reduced, which then lowers the reservoir pressure allowing desorption to occur. Thus, unlike producing from a conventional natural gas reservoir, reservoir pressure in a coal bed formation must generally be reduced to allow for production of CBM. Because of the necessity to remove water and reduce the pressure within the coal seam, CBM, unlike conventional hydrocarbons, often will not show immediately on initial production testing. Coal bed formations typically require extensive depressurization through dewatering before desorption can occur and the methane begins to flow at commercial rates.

#### Drilling and Production

CBM wells in the Powder River Basin are drilled with small truck mounted rig drilling through the base of the Fort Union Coals and then setting casing and cementing the well to the surface. The coal bed seams are then completed by perforating the casing at the target coal (or coals). Once the production casing has been cemented, the perforations and coal face is then cleaned out and flushed by pumping water at high rates into the coal seam. Once the well is completed, a submersible pump is run into the well on production tubing to pump produced water from the coal seam. As the coal dewateres, gas flows up the casing to the surface. At the wellhead, the gas and water are metered. The gas then flows to a central compressor station where it is compressed into a high-pressure pipeline for sale. The water is gathered through a pipeline for disposal. CBM production generally is continuous to ensure a constant low-pressure natural gas and water flow and to sustain a commercially viable operation.

We intend to use drilling, completion and production practices that utilize technological advances in cementing, multiple zone completions and programmable submersible pumps. These techniques minimize damage to coal zones, preserve the potential of coals behind pipe, and reduce cementing costs. Multiple zone completions allow for the successful perforation of multiple zones which reduces capital costs over the life of the wells. Programmable submersible pumps and telemetry provide efficient means to best manage production and detect problems on a real time basis.

Conventional gas wells are typically 8,000 to 20,000 feet deep and initially produce large volumes of gas relative to water. Natural gas normally does not require assistance to move to the surface, and over time, gas production declines and water production may increase. In contrast, CBM wells generally range from 300 to 4,000 feet. Our wells will be drilled to about 1,500 feet. In the early stages of CBM production, large quantities of water and low quantities of gas are produced. Water production is initiated to lower the down hole pressure which allows the methane to release from the coal. The

water volumes eventually decline and gas quantities begin to rise. In most cases, assistance to bring the gas to surface is not needed for the final period of production.

#### Water Production and Management

Water production and disposal is a key issue in CBM development. CBM-produced water in Wyoming (whether from wells on fee State or BLM land) must have a beneficial use, which is generally defined as suitable for agricultural, irrigation, commercial, domestic, industrial, municipal, mining, hydropower production, recreational, stock watering and fisheries, wildlife and wetlands maintenance, or dust suppression. Currently, the management of CBM-produced water depends on the quality of the produced water. The water produced in CBM operations can vary from very high quality (potable, meaning that it meets state and federal drinking standards), to very low quality (having a very high concentration of dissolved solids, like sodium, making it unsuitable for reuse). Testing of the produced water determines the disposal method.

Produced water is handled by utilizing one or several of the following regulatory-approved methods: Surface discharge (to creeks and streams); containment in ponds; irrigation of surface lands; injection to shallow sand formations; enhanced evaporation systems; treatment through ion exchange or reverse osmosis; and/or sub-surface irrigation. The Clabaugh Ranch wells produce potable water. Pursuant to a surface and damage agreement between the operator, and the surface owner of the Fee acreage, a subsurface water collection system has been installed, which collects water from the wells and delivers it to two surface stations. From the stations, water is fed into an underground water drip disposal system. Water seeps into a shallow (above the first coal seam) alluvial sand formation. This process has been approved by Wyoming, as the properties have been shown (by drilling and analysis) to be capable of holding the water indefinitely.

#### CBM Recovery Characteristics

The primary variables that affect recovery of CBM are coal thickness, gas content and permeability. Coal thickness refers to the actual thickness of the coal layer and is used to estimate how many tons of coal underlie a section of land. The estimate of the number of tons per section is multiplied by the estimated gas content of such lands to estimate the gas in place for the section. Gas content in coal is measured in terms of standard cubic feet per ton. Sufficient coal permeability is a prerequisite for economic gas flow rates because gas and water must be able to flow to the wellbore. Most gas and water flow through the cleats and other fractures in the coal. Cleat spacing is influenced by a variety of factors and greatly affects permeability.

CBM wells are drilled by hired contractors utilizing small truck mounted water well rigs. Wells are often completed in multiple zones. The production profile for the surrounding wells shows water production for a short period of time (from 0 to 120 days) before initial gas production. The lowering of the static water level reduces the coal formation pressure and allows the gas to release from the coal and migrate to the well bore.

Water production is a function of the volume and pressure of water in the coals. Wells on the Clabaugh properties are expected to produce less water (than wells in other areas) before achieving economic gas production rates, because the de-watering at the numerous wells operated by other companies in the vicinity have reduced formation pressures. We do expect, however, that wells in other areas where we may acquire properties will have to undergo longer periods of de-watering. De-watering CBM wells in some parts of the PRB can take up to 24 months (or longer) before commercial gas production, which results in delayed cash flow and overall increased costs per Mcf of production.

#### 1st NRG Properties – Wells and Locations

The current Clabaugh Ranch field is comprised of Federal, and Fee leasehold.

The current development at Clabaugh Ranch is on approximately 6,025.29 gross acres as described in the following table:

	Gross Acres		Net to FNRC	
	Developed	Undeveloped	Developed	Undeveloped
Fee	2,366.53	0	64.12	0
State	0.00	40.00	0.00	26.67
Federal	942.63	2,676.13	95.26	588.24
	3,309.16	2,716.13	159.38	614.91

## Gas Gathering, Transport and Compression

Natural gas produced from Clabaugh Ranch are first gathered through a low pressure system built by the working interest owners. There is a 12" trunk line which runs basically South to North down the center of the property; each individual well produces laterally into this trunk line. The trunk line then runs north about a mile where it delivers into the low pressure side of Big Horn Gas Gathering's line. Big Horn has a gathering service contract, which provides low pressure gathering and compression. This first stage of gathering, by Wyoming law, is not a cost that is borne by the royalty and ORRIs and is therefore paid by the working interest owners. The low pressure gathering then delivers into the Big Horn Gas Gathering high pressure system. Big Horn delivers the gas into the Fort Union Gathering system at high pressure, about 1,100 lbs. Then transportation provided by Copano, an affiliate of Big Horn Gas Gathering, to deliver the natural gas to Glenrock, Wyoming a liquid marketing point. For the fiscal year ended 2012, these services cost the Company approximately \$0.98/mcf.

## Environmental Matters and Regulation

General. Our operations are subject to stringent and complex federal, state and local laws and regulations governing environmental protection as well as the discharge of materials into the environment. These laws and regulations may, among other things:

- ☐ require the acquisition of various permits before drilling commences;
- ☐ enjoin some or all of the operations of facilities deemed in non-compliance with permits;
- ☐ restrict the types, quantities and concentration of various substances that can be released into the environment in connection with natural gas drilling, production and transportation activities;
- ☐ limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas; and
- ☐ require remedial measures to mitigate pollution from former and ongoing operations, such as requirements to close pits and plug abandoned wells.

These laws, rules and regulations may also restrict the rate of natural gas production below the rate that would otherwise be possible. The regulatory burden on the natural gas industry increases the cost of doing business in the industry and consequently affects profitability. Additionally, Congress and federal and state agencies frequently revise environmental laws and regulations, and the clear trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. Any changes that result in more stringent and costly waste handling, disposal and cleanup requirements for the natural gas industry could have a significant impact on our operating costs.

The following is a summary of some of the existing laws, rules and regulations to which our business operations are subject.

Waste Handling. The Resource Conservation and Recovery Act, or RCRA, and comparable state statutes, regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the auspices of the federal Environmental Protection Agency, or EPA, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. Drilling fluids, produced waters, and most of the other wastes associated with the exploration, development, and production of crude oil or natural gas are currently regulated under RCRA's non-hazardous waste provisions. However, it is possible that certain natural gas exploration and production wastes now classified as non-hazardous could be classified as hazardous wastes in the future. Any such change could result in an increase in our costs to manage and dispose of wastes, which could have a material adverse effect on our results of operations and financial position. Also, in the course of our operations, we generate some amounts of ordinary industrial wastes, such as paint wastes, waste solvents, and waste oils, that may be regulated as hazardous wastes.

Comprehensive Environmental Response, Compensation and Liability Act. The Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, also known as the Superfund law, imposes joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current and past owner or operator of the site where the release occurred, and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. Under CERCLA, such persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the

costs of certain health studies. In addition, it is not uncommon for neighboring landowners and other third-parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

Water Discharges. The Federal Water Pollution Control Act, or the Clean Water Act, and analogous state laws, impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by EPA or an analogous state agency. Spill prevention, control, and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture, or leak. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations.

Air Emissions. The Federal Clean Air Act, and comparable state laws, regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. States can impose air emissions limitations that are more stringent than the federal standards imposed by EPA, and California air quality laws and regulations are in many instances more stringent than comparable federal laws and regulations. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with air permits or other requirements of the federal Clean Air Act and associated state laws and regulations.

National Environmental Policy Act. Natural gas exploration and production activities on federal lands are subject to the National Environmental Policy Act, or NEPA. NEPA requires federal agencies, including the Department of Interior, to evaluate major agency actions having the potential to significantly impact the environment. In the course of such evaluations, an agency will prepare an Environmental Assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed Environmental Impact Statement that may be made available for public review and comment. All of our current exploration and production activities, as well as proposed exploration and development plans, on federal lands require governmental permits that are subject to the requirements of NEPA. This process has the potential to delay the development of natural gas projects.

Pipeline Safety. Pipelines are subject to regulation by the U.S. Department of Transportation, or the DOT, pursuant to the Hazardous Liquid Pipeline Safety Act. The DOT, through the Office of Pipeline Safety, recently promulgated a series of rules which require pipeline operators to develop pipeline integrity management programs for transportation pipelines located in "high consequence areas." "High consequence areas" are currently defined as areas with specified population densities, buildings containing populations of limited mobility, and areas where people gather that are located along the route of a pipeline. Integrity management program elements include requirements for baseline assessments to identify potential threats to each pipeline segment, reassessments, and reporting and recordkeeping.

OSHA and Other Laws and Regulation. We are subject to the requirements of the federal Occupational Safety and Health Act, or OSHA, and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. The OSHA hazard communication standard, EPA community right-to-know regulations under the Title III of CERCLA and similar state statutes require that we organize and/or disclose information about hazardous materials used or produced in our operations.

The Kyoto Protocol to the United Nations Framework Convention on Climate Change, or the Protocol, became effective in February 2005. Under the Protocol, participating nations are required to implement programs to reduce emissions of certain gases, generally referred to as greenhouse gases that are suspected of contributing to global warming. The United States is not currently a participant in the Protocol, and Congress has not actively considered recent proposed legislation directed at reducing greenhouse gas emissions. Other states have also adopted legislation addressing greenhouse gas emissions from various sources, primarily power plants. The natural gas industry is a direct source of certain greenhouse gas emissions, namely carbon dioxide and methane, and future restrictions on such emissions could impact our future operations. It is not possible, at this time, to estimate accurately how regulations that may be adopted to address greenhouse gas emissions would impact our business.

We are not aware of any environmental issues or claims that will require material capital expenditure. However, accidental spills or releases may occur in the course of our operations, and we cannot assure that we will not incur substantial costs and liabilities as a result of such spills or releases, including those relating to claims for damage to

property and persons. Moreover, we cannot assure that the passage of more stringent laws or regulations in the future will not have a negative impact on our business, financial condition, and results of operations.

#### Other Regulation of the Natural Gas Industry

The natural gas industry is extensively regulated by numerous federal, state and local authorities. Legislation affecting the natural gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, both federal and state, are authorized by statute to issue rules and regulations binding on the natural gas industry and its individual members, some of which carry substantial penalties for failure to comply. Although the regulatory burden on the natural gas industry increases the cost of doing business and, consequently, affects profitability, these burdens generally will not affect us any differently or to any greater or lesser extent than they affect other companies in the industry with similar types, quantities and locations of production.

Our operations are subject to various types of regulation at federal, state and local levels. These types of regulation include requiring permits for the drilling of wells, drilling bonds and reports concerning operations. Most states, and some counties and municipalities regulate one or more of the following:

- ☐ the location of wells;
- ☐ the method of drilling and casing wells;
- ☐ the surface use and restoration of properties upon which wells are drilled;
- ☐ the plugging and abandoning of wells; and
- ☐ notice to surface owners and other third parties.

State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of natural gas properties. Some states allow forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases. These laws and regulations may limit the amount of natural gas we can produce from our wells or limit the number of wells or the locations at which we can drill. Moreover, Wyoming imposes conservation and severance taxes on the production and sale of natural gas within its jurisdiction.

Natural Gas Regulation. The availability, terms and cost of transportation significantly affect sales of natural gas. The interstate transportation and sale for resale of natural gas is subject to federal regulation, including regulation of the terms, conditions and rates for interstate transportation, storage and various other matters, primarily by the Federal Energy Regulatory Commission. Federal and state regulations govern the price and terms for access to natural gas pipeline transportation. The Federal Energy Regulatory Commission's regulations for interstate natural gas transmission in some circumstances may also affect the intrastate transportation of natural gas.

Although natural gas prices are currently unregulated, Congress historically has been active in the area of natural gas regulation. We cannot predict whether new legislation to regulate natural gas might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures, and what effect, if any, the proposals might have on the operations of the underlying properties. Sales of condensate and natural gas liquids are not currently regulated and are made at market prices.

State Regulation. Wyoming regulates the drilling for, and the production, gathering and sale of, natural gas, including imposing severance and conservation taxes and requirements for obtaining drilling permits. Wyoming currently imposes a severance tax on natural gas producers at the rate of 6% of the value of the gross product extracted. Reduced rates may apply to certain types of wells and production methods, such as new wells, renewed wells, stripper production and tertiary production.

Wyoming also regulates the method of developing fields, the spacing and operation of wells and the prevention of waste of natural gas resources. States do not regulate wellhead prices or engage in other similar direct economic regulation, but there can be no assurance that they will not do so in the future. The effect of these regulations may be to limit the amounts of natural gas that may be produced from our wells, and to limit the number of wells or locations we can drill.  
Employees

We have two employees at this time – Mr. Kevin Norris – CEO, and Mr. Joseph Schmidt – CFO.

## 8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

### Management of 1st NRG Corp.

Kevin Norris - Director - CEO. Mr. Norris has 33 years of industry experience with various energy companies including Apache Corporation, Universal Fuels Company, TOP Gas Gathering and BlueCreek Energy. Through his career, Mr. Norris has been involved in the drilling, operating, transportation and marketing of both oil and gas wells and specifically CBM (Coal bed Methane) wells for the past 13 years. Mr. Norris spent 15 years with e2 Business Services, Inc. a company which provided outsourced administration and marketing services, as well as software solutions. While at e2, Mr. Norris aided the company in its design of a proprietary gas control system designed specifically to accommodate wellhead gas scheduling, marketing, allocations, balancing, invoicing and accounting for wellhead and downstream gas transactions. After founding BlueCreek Energy in 2006, the company grew to ownership in 78 producing wells (42 operated) and over 20 BCF in reserves (3P). Mr. Norris received a Bachelor of Science degree in Business Administration from Colorado State University in 1979. He is also a past Chairman of the IPAMS Natural Gas Committee.

William Ellingson – Director. Mr. Ellingson was appointed to the Company's Board of Directors in July 2011. Mr. Ellingson has over 33 years of transactional experience including large leveraged leases and acquisition and financing in the refining, chemical and mining industries. Examples of transactions are the acquisition and leasing of a 250 ton per day methanol plant, the origination and structuring of a Section 29 synfuel plant which generated in excess of \$1,000,000,000 in tax credits, and the origination, structuring, and financing of a utility coal supply company, including acquisition of eleven unit car train sets (110 rail cars per set), involving a purchase price and financing in excess of \$110,000,000. Mr. Ellingson is the managing member of a special opportunity finance company which acquired and operated four companies with the total acquisition costs in excess of \$100,000,000. The investment return for two companies was in excess of 30%. Two companies continue to be operated with exits planned within the next few years. Mr. Ellingson received Bachelor of Science (Finance and Economics), University of Montana, 1975.

Jon Roddy - Director - Mr. Jon Roddy was appointed to the Company's Board of Directors in July 2011. Mr. Roddy has 25 years of experience as a sales and operations executive in the technology, energy and telecommunications sectors. Most recently, Mr. Roddy was the majority owner and managing partner of Jackson Energy Partners, LLC, which was acquired by 1st NRG Corp in the fourth quarter of 2010. Jackson Energy was an emerging energy company involved in the exploration, drilling and marketing of natural gas resources in the Powder River Basin of Wyoming. Mr. Roddy was responsible for day-to-day operations of Jackson Energy including its technology, software solutions and green initiatives. Prior to Jackson Energy, Mr. Roddy held various executive positions in the high tech and telecommunications industry focusing on sales, operations and engineering. Mr. Roddy holds two Bachelor of Arts degrees from James Madison University's School of Business.

- B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

None

## 9) **Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

### Legal Counsel

Name: Benjamin Bunker

Firm: Bunker Law Group, PLLC

Address 1: 3753 Howard Hughes Parkway

Address 2: Suite 200, Las Vegas NV 89169

Phone: 702-784-5990

Email: benbunker@bunkerlawgroup.com

### Accountant or Auditor

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

### Investor Relations Consultant

Name: Brad Holmes

Firm: Energy IR

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: 713-304-6962

Email: b\_holmes@att.net

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: Ed Renyk

Firm: \_\_\_\_\_

Address 1: 6122 49 Ave.

Address 2: Delta, BC, V4K 1Z1

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## **10) Issuer Certification**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Kevin Norris certify that:

1. I have reviewed this quarterly disclosure statement of 1<sup>st</sup> 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.

11/13/2013 [Date]

/s/ Kevin Norris [Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

CEO [Title]