



OTC Markets

Alternative Reporting Standard

For the Quarter ended September 30, 2012

November 28, 2012

10184 Park Meadows Drive
Lone Tree, Colorado 80124
Phone: 720 484-5706
Kevin Norris – CEO
investorrelations@1stnrg-corp.com

Table of Contents

Item 1 - The exact name of the issuer 3

Item 2 - The number of shares or total amount of the securities outstanding for each class of securities authorized..... 3

Item 3 – Interim financial statements..... 4

Item 4 - Management’s Discussion and Analysis or Plan of Operation 11

Item 6 – Defaults upon senior securities 17

Item 7 – Other Information 17

Item 8 – Exhibits..... 17

Item 9 - Issuer’s Certifications..... 17

Item 1 - The exact name of the issuer

1st NRG Corp.

Item 2 - The number of shares or total amount of the securities outstanding for each class of securities authorized.

	Quarter Ended September 30, 2012		Year Ended December 31, 2011		Year Ended December 31, 2010	
	Preferred Stock	Common Stock	Preferred Stock	Common Stock	Preferred Stock	Common Stock
Number of shares authorized	5,000,000	500,000,000	5,000,000	500,000,000	5,000,000	500,000,000
Number of shares outstanding per the transfer agent – Note (1)		68,377,590 (1)	449,271	11,200,692 (1)		11,200,692(1)
Shares to be Cancelled - Note (2)		(6,815,667)		(6,815,667)		(6,815,667)
Number of shares still to be issued (Note 3)	949,269	6,610,953	949,269	6,310,953	1,898,540	1,310,953
Freely tradable shares		68,132,876		348,535		348,535
Shares remaining from rounding when the Company reversed its stock 20:1		(4)		(4)		(4)
Total shares outstanding	949,269	68,132,872	1,398,540	10,695,974	1,000,000	5,695,974
Total number of beneficial shareholders	14	2	9	9	2	4
Total number of shareholders of record	14	89	9	62	6	57

Note (1) The Company's transfer agent for its Common Stock is Continental Stock Transfer & Trust; we do not have a transfer agent for our Preferred Stock. As discussed below and reflected in the Company's Balance Sheets at September 30, 2012 and December 31, 2011, the Company committed to issue a number of shares in various transactions and cancel others.

Note (2) The Company has 6,815,667 shares which require cancellation post December 2008 and on the transfer agent's records. 150,000 shares (post Rollback) have been returned to the Company for cancellation. The shares were issued as part of an unsuccessful acquisition and returned per the contract. Another 166,667 shares were subscribed to in a Regulation S offering, however the subscription was never paid and therefore the Board of Directors has cancelled the underlying shares. As disclosed in an 8K filing in December 2009 and by mutual agreement, 1st NRG, Corp. terminated the Stock Purchase Agreement dated September 28, 2008 covering the purchase by a group of five (5) institutional investors for a purchase of 500 units, each unit consisting of 12,998 shares of the Company's common stock and warrants exercisable at \$1.24 per share to purchase an additional 21,682 shares of the Company's common stock for the combined total unit issue of \$5,000,000. Release of the funds for use by the Company was governed by a use of proceeds covenant and an undertaking to complete an appropriate registration of the securities to remove the restrictive legends at the Company's earliest convenience, but not later than 12 months following the purchase. The Company did not meet these conditions. The Company has agreed to termination costs and penalties of \$25,000 to be paid for costs and fees incurred by the Intermediary who administered the conditions of the underlying Account Control Agreement and 250,000 shares of common stock to be distributed to the five (5) institutional investors. (Shareholder Equity and Paid in Capital would be carved off to show a pending cancellation)

Note (3) On September 24, 2012, the Company received a "Notice of Conversion" from its Series "A" Preferred shareholders of their intent to convert their 449,269 Class "A" Preferred Shares into Common Stock of the Company. 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 which have now been converted into 44,926,902 Common Shares together with Warrants to purchase additional Common Shares. The total Unit purchase was \$14,452,014.45 (16,057.79 per Unit or \$0.322 per converted Common Share) and 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 converted Common Shares are held in a restricted account with an Intermediary where 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 AMA provides that the "Breakout" of funds from the restricted account to the Company can be released to the Company in 36 periodic installments pursuant to the AMA schedule which was 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 and Common Shares to the Investors.

Item 3 – Interim financial statements

Unaudited Financial Statements for the fiscal quarter ended June 30, 2012 and fiscal year ended December 31, 2011 begin on the following pages:

1ST NRG CORP.
BALANCE SHEETS

(Unaudited)

ASSETS	September 30, 2012	December 31, 2011
Current Assets		
Cash	\$ 8,799	\$ 114
Accounts receivable	-	888
Total current assets	<u>8,799</u>	<u>1,002</u>
Property & Equipment		
Oil & gas properties - successful efforts method		
Oil & gas properties	2,774,926	2,774,926
Equipment	18,090	18,090
Asset retirement obligation	9,295	10,285
Undeveloped Properties	159,721	159,721
Total property & equipment	<u>2,962,032</u>	<u>2,963,022</u>
Less accumulated depreciation, depletion & accretion	<u>(55,216)</u>	<u>(43,788)</u>
Net property & equipment	2,906,816	2,919,235
Other Assets		
Restricted Cash	<u>14,444,139</u>	<u>-</u>
TOTAL ASSETS	<u><u>17,359,754</u></u>	<u><u>2,920,236</u></u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	\$ 621,178	\$ 575,849
Accrued management compensation	2,327,072	2,075,822
Short term loans payable	119,248	124,890
Advances by related parties	109,669	57,082
Current portion of long term debt	2,345,843	1,478,468
Total current liabilities	<u>5,523,011</u>	<u>4,312,112</u>
Long Term Liabilities		
Asset retirement obligation	8,965	9,955
Secured promissory note	900,000	1,575,000
Total long term liabilities	<u>908,965</u>	<u>1,584,955</u>
Total liabilities	<u>6,431,976</u>	<u>5,897,067</u>
Stockholders Equity (Deficit)		
Preferred stock - 5,000,000 authorized - par value \$0.001		
Series A - issuable	449	449
Series A - issued	-	449
Series D - issuable	500	500
Additional paid in capital - preferred stock	-	14,451,565
Restricted Cash		(14,447,514)
Preferred stock subscription receivable		
Unfilled agreements to issue shares	(949)	(949)
Common Stock - 500,000,000 authorized - par value \$0.01		
61,561,919 Shares issued and outstanding at September 30, 2012 and 4,385,021 shares issued and outstanding at December 31, 2011.	555,369	43,850
6,610,953 Shares to be issued at September 30, 2012 and December 31, 2011	63,110	63,110
Shares reserved for issuance	500	500
Additional paid in capital	19,859,789	5,907,044
Retained earnings (deficit)	(8,995,834)	(8,213,642)
Period net income (loss)	<u>(555,155)</u>	<u>(782,192)</u>
Total stockholders' equity (deficit)	<u>10,927,779</u>	<u>(2,976,830)</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u><u>17,359,754</u></u>	<u><u>2,920,236</u></u>

See notes to the financial statements

1ST NRG CORP.
STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenues				
Natural Gas Sales	\$ 7,080	\$ 13,238	\$ 20,068	\$ 40,013
Total revenues	<u>7,080</u>	<u>13,238</u>	<u>20,068</u>	<u>40,013</u>
Costs and Expenses of Operations				
Transportation/gathering	2,892	3,504	8,212	9,726
Lease operating Expense	7,398	5,884	20,163	20,336
Production Taxes	731	1,439	2,016	4,364
Total costs and expenses of operations	<u>11,021</u>	<u>10,827</u>	<u>30,390</u>	<u>34,426</u>
Operating Margin	<u>(3,942)</u>	<u>2,411</u>	<u>(10,322)</u>	<u>5,588</u>
Expenses				
Management compensation	83,750	83,750	251,250	251,250
General and administrative	54,109	28,065	79,207	147,487
Total Expenses	<u>137,859</u>	<u>111,815</u>	<u>330,457</u>	<u>398,737</u>
Income (loss) from operations	<u>(141,801)</u>	<u>(109,404)</u>	<u>(340,778)</u>	<u>(393,150)</u>
Other Income (Expense)				
Depreciation, depletion & accretion	(4,168)	-	(11,429)	(10,337)
Interest Expense	(67,890)	(67,875)	(202,948)	(204,542)
Total Other Income (Expense)	<u>(72,058)</u>	<u>(67,875)</u>	<u>(214,377)</u>	<u>(214,879)</u>
Net Income (Loss)	<u>\$ (213,858)</u>	<u>\$ (177,279)</u>	<u>\$ (555,155)</u>	<u>\$ (608,029)</u>
Net Income (Loss) Per Common Share	<u>\$ (0.009)</u>	<u>\$ (0.031)</u>	<u>\$ (0.024)</u>	<u>\$ (0.107)</u>
Average Number of Shares Outstanding	<u>23,245,970</u>	<u>5,695,974</u>	<u>23,245,970</u>	<u>5,695,974</u>

See notes to the financial statements

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

	Nine months ended	
	September 30, 2012	September 30, 2011
Cash flow from operating activities		
Net loss	\$ (555,155)	\$ (608,029)
Adjustments to reconcile net income (loss) to net cash from operations		
Depreciation, depletion & accretion expense	11,429	10,667
Changes in current assets and liabilities		
(Increase) decrease in accounts receivable	888	9,312
Increase (decrease) in accounts payable	45,329	127,433
Increase (decrease) in accrued management compensation	251,250	251,250
Increase (decrease) in short term loans payable	(5,642)	13,476
Increase (decrease) in advances by related parties	52,587	11,284
Increase (decrease) in current portion of long term debt	867,375	867,375
NET CASH PROVIDED BY OPERATING ACTIVITIES	668,060	682,769
Investing activities		
Purchase oil & gas properties	-	(10,516)
Purchase equipment	-	(2,425)
Asset Retirement	990	
Restricted Cash	(14,444,139)	
NET CASH USED BY INVESTING ACTIVITIES	(14,443,149)	(12,941)
Financing activities		
Long term note payable	(675,000)	(675,000)
Asset Retirement Obligation	(990)	(330)
Additional paid in capital - preferred stock	(14,451,565)	14,451,565
Restricted Cash	14,447,514	3,375
Issuance of Series A Preferred	(449)	449
Series A issuable	-	(14,452,014)
Series C issuable	-	(500)
Common stock issuable	-	50,000
Additional paid in capital - common stock	13,952,745	(49,500)
Common stock	511,519	
Common stock reserved for issuance	-	500
NET CASH PROVIDED BY FINANCING ACTIVITIES	13,783,774	(671,455)
Change in cash and cash equivalents	8,685	(1,627)
Cash and cash equivalents at the beginning of the period	114	1,668
Cash and cash equivalents at the end of the period	\$ 8,799	\$ 41

See notes to the financial statements

1st NRG Corp.

Notes to 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 headquartered in Denver, Colorado. The Company currently holds natural gas (CBM) assets in the Powder River Basin of Wyoming. We own 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. We are expanding our activities into unconventional shale potential which includes 1,370 acres in the Niobrara Shale in Western Nebraska, 7,150 acres in the Utica Shale in Eastern Ohio and 9,800 acres in the Bakken/Three Forks Shale in North Dakota.

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 and these statements have not been audited.

Risks and Uncertainties - Historically, oil and 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 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 Oil & Natural Gas 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 \$14,445,264 is currently reflected in equity section of the Company's Balance Sheet as restricted cash. On September 24, 2012 the Class Preferred Shares were converted into Common Shares at an average Common Share price of \$0.32 per share. 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 are released to the Company in 36 periodic installments pursuant to the AMA schedule approved by the Company and the Investors. Trading volumes at or above a scheduled 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.

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 according to the terms of the contract.

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 2012 or 2011.

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 natural gas purchasers primarily located in the Rocky Mountain region of the United States. The Company does not ordinarily require collateral, but in the case of receivables for joint interest operations, the Company will have the ability to offset amounts due against the participant's share of production from the related property. At June 30, 2012, the Company did not conduct any joint interest operations.

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.

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 June 30, 2012 or December 31, 2011. 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 data 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,	
	2012	2011
Income (loss) attributable to common stock	(555,155)	(608,029)
Weighted average shares		
Weighted average shares—basic	68,132,872	5,695,974
Earnings (loss) per share - basic	(0.008)	(0.107)

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 clean up 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 \$14,445,264 is currently reflected in equity section of the Company's Balance Sheet as restricted cash. On September 24, 2012 the Preferred Shares were converted into Common Shares at an average Common Share price of \$0.32 per share. 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 are released to the Company in 36 periodic installments pursuant to the AMA schedule approved by the Company and the Investors. Trading volumes at or above a scheduled 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 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.

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 would 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 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. The Super voting Shares are committed to the Company's Compliance Attorney and ensure the Company maintains compliance with the Unit subscriptions and AMA agreements. The Series "D" provide management with 51% of the shareholder voting of all common shares. The anti dilution clause accrete votes to the holders so that the holders will always hold 51% of the votes of the common shares until expiration. This super voting power will have the effect of reducing all other votes in effect until the expiration of the Series D. Such increase could have an anti-takeover effect, in that additional shares could be issued (within the limits imposed by applicable law) in one or more transactions that could make a change in control or takeover of the Company more difficult. For example, additional shares could be issued by the Company so as to dilute the voting rights of persons seeking to obtain control of the Company, even if the persons seeking to obtain control of the Company offer an above-market premium that is favored by a majority of the independent shareholders. Similarly, the issuance of additional shares to certain persons allied with the Company's management could have the effect of making it more difficult to remove the Company's current management by diluting the stock ownership or voting rights of persons seeking to cause such removal. The Company has no plans or proposals to adopt other provisions or enter into other arrangements that may have material anti-takeover consequences.

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, also a non affiliate, with a principal amount outstanding of \$25,000. Concurrently, the company received notice that Mr. Cox had assigned a portion of the Note and those assignees had requested to convert the assigned portions of the note into common stock of the company. In total, 6 non affiliated entities have requested conversion of \$12,250.00 of principal into 12,249.996 shares of common stock. On August 14, 2012 the Common Shares were and issued the Company recognized the reduction in outstanding principal.

Item 4 - Management's Discussion and Analysis or Plan of Operation

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 headquartered in Denver, Colorado. We currently hold natural gas (CBM) assets in the Powder River Basin of Wyoming. The working interests we own are 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. We are planning to expand our activities into unconventional shale potential which includes 1,370 acres in the Niobrara Shale in Western Nebraska, 7,150 acres the Utica Shale in Eastern Ohio and 9,800 acres in the Bakken/Three Forks Shale in North Dakota. The Niobrara Shale, the Utica Shale and Bakken/Three Forks Shale's not only have potential oil reserves, but also natural gas and natural gas liquids.

Our average daily production at September 30, 2012 was approximately 40 Mcf/d (36 Mcf/d net) which was down 17.76% from the approximately 47 Mcf/d (39 Mcf/d net) for the same period for the nine months ended September 30, 2011. For the nine months ended September 30, 2012, the Company received an average gross price of \$ 2.25/mcf, less transportation and production taxes which averaged \$1.11/mcf, resulting in a margin before lease operations of \$ 1.13 per produced net mcf. Net production to the Company for this period was 9,031 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 averaged \$2.23/net mcf for the nine months ended September 30, 2012 compared to \$1.93/net mcf for the same period in 2011. Depressed commodity prices have resulted in a number of the wells in which we hold an interest to be shut in until economic conditions improve. In September 2011 sixteen wells were shut in increasing to 20 wells in September 2012. It is our intention to operate those wells to be drilled on our existing acreage where we have a 66% working interest.

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 Warner, Upper and Lower Smith, Wyodak/Anderson Lower, Gates and Wall formations. Wire line logging shows gross pay zones of approximately 150-200 feet. The most significant of these are the Warner, Wyodak/Andersen, and Gates coals. The field is operated by Mountain Hawk Exploration, LLC.

The Clabaugh Ranch field has had 42 wells drilled through September 30, 2012 with a success rate of 100%. Our drilling inventory consists of 8 permitted well locations and 28 future locations, all of which are CBM resource opportunities. We believe there is sufficient long-term pipeline takeaway capacity to accommodate our existing production.

Bakken/Three Forks

Recently the Company announced its commitment to participate in a prospect which will test the Bakken Shale and Three Forks formations in a prospect which encompasses approximately 9,800 gross acres. Our working interest will be 12.5% (10% net). The initial test well is scheduled to be drilled prior to year end 2012. USGS estimates in 2008 of recoverable oil in the formation beneath Western North Dakota, Eastern Montana and into Canada were as much as 4.3 billion barrels of oil. In the four years since, new drilling and completion techniques have some industry participants estimating the resource to hold 20 billion barrels of oil and 4 Bcf of natural gas.

Utica Shale – Eastern Ohio

We are also finalizing agreements to develop approximately 7,150 acres in Eastern Ohio, one of the most active areas for oil, natural gas and natural gas liquids exploration in the United States. 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. Recently 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

Niobrara Shale – Western Nebraska

The Company also has entered into an agreement which will deliver an Oil and Gas Lease and surface use agreement for 1,370 acres located in Banner County Nebraska. We expect the area to have possibilities to develop the Niobrara Shale which is being compared to the Bakken Shale in North Dakota. Located in the Denver Julesburg Basin which extends from Southeast Wyoming and Southwest Nebraska into Northeast Colorado the acreage will

provide the company with possible oil, natural gas and natural gas liquids development in the Niobrara Shale, as well as the Codell, Greenhorn, D and J Sands. Industry estimates of the possible Niobrara Original Oil in Place (OOIP) are 30 million BOE per section, however recoverable oil, natural gas and natural gas liquids will vary by area, thickness, porosity and fracture systems.

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. In late October, the Company executed a credit facility which would make up to \$7,000,000 available to the Company. The facility will allow the Company to draw in one or multiple tranches as agreed to between the lender and the Company. The Note will mature in three years and will bear interest at 8%. Any outstanding amounts due under the Note may be converted at maturity into the Company's common stock at the average of the lowest bid for the ten days prior to conversion. Previously, in January 2011, 1st NRG Corp closed a transaction with nine qualified investors pursuant to which the Investors purchased a private placement of Units consisting of 449,269 Preferred "A" Shares (each Preferred "A" convertible into 44,926,902 Common Shares) and Warrants to purchase Common Shares. The total Unit purchase was \$14,452,014.45 and in September 2012, the Investors converted the Preferred "A" Shares into the Company's common stock. An Account Management Agreement (AMA) between the Investors and the Company governs the release of funds to the Company from the restricted Intermediary. 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.

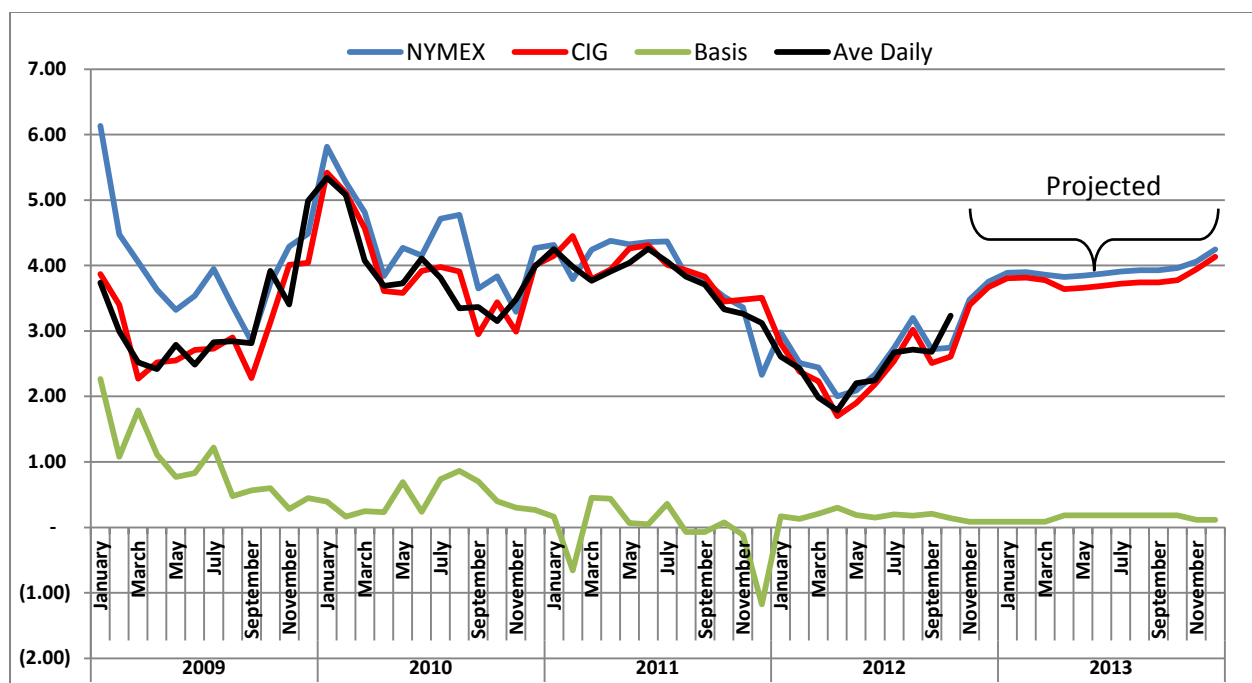
The funds are released to the Company in 36 periodic installments pursuant to the AMA and a schedule approved by the Company and the Investors. Trading volumes at or above a minimum bid price will release 100% of each periodic "Breakout" funds to the Company. There are provisions within the agreement 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.

If the Average bid for the Company's Common Stock is less than the bid requirements in any Breakout Period a pool of 134,781 Preferred "A" Shares (convertible to 13,478,100 Common) would be deposited with the Intermediary to be held for use as the Pricing Workout Pool, (the "PWP"). The PWP would provide additional shares to make up additional shares necessary 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.

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.



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

Quarter Ended September 30, 2012 Compared to the Quarter September ended 30, 2011

The following table sets forth selected operating data for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011.

	Nine months ended September 30,		Change	
	2012	2011		
Revenue				
Natural Gas Sales - Wellhead	\$ 20,068	\$ 40,013	\$ (19,945)	-50%
	<u>20,068</u>	<u>40,013</u>	<u>(19,945)</u>	-50%
Total revenue				
Costs and Expenses				
Transportation - Wellhead	8,212	9,726	(1,514)	-16%
Lease operating expenses	20,163	20,336	(173)	-1%
Production taxes	2,016	4,364	(2,348)	-54%
Depreciation, depletion and accretion	11,429	10,337	(1,091)	-11%
Total Costs and Expenses	<u>41,819</u>	<u>44,763</u>	<u>(5,127)</u>	-11%
Operating Margin	<u>(21,751)</u>	<u>(4,750)</u>	<u>(14,818)</u>	312%
Other Income (Expense)				
General and administrative	79,207	147,487	68,281	-46%
Salaries	251,250	251,250	0	0%
Interest expense	202,948	204,542	1,593	-1%
Total Other Income (Expense)	<u>533,405</u>	<u>603,279</u>	<u>69,874</u>	-12%
NET INCOME (LOSS)	<u>\$ (555,155)</u>	<u>\$ (608,029)</u>	<u>\$ 55,056</u>	
Natural gas (Mcf)	9,031	10,544	(1,512)	-14%
Daily production (Mcf/d)	50	58	(9)	-15%
Average prices:				
Natural gas (per Mcf)	\$ 2.2221	\$ 3.7949	\$ (1.5729)	-41%
Average Costs (per Mcf):				
Transportation expense	\$ 0.9093	\$ 0.9224	\$ (0.0131)	-1%
Lease operating expenses	\$ 2.2325	\$ 1.9287	\$ 0.3038	16%
Production taxes	\$ 0.2232	\$ 0.4139	\$ (0.1907)	-46%
Depreciation, depletion and accretion	\$ 1.2654	\$ 0.9804	\$ 0.2850	29%
Operating margin (per Mcf)	<u>\$ (2.4083)</u>	<u>\$ (0.4505)</u>	<u>\$ (1.9579)</u>	435%

Natural gas sales - Revenues from production of natural gas decreased from \$40,013 for the nine months ended September 30, 2011 to \$20,068 for the nine months ended September 30, 2012, a decrease of \$19,945, or 50%. Our daily net production decreased by 15% from 10,544 Mcf for the nine months ended September 30, 2011 compared to 9,031 Mcf for the corresponding period ended September 30, 2012. The average price received per net mcf also decreased from approximately \$3.80/mcf for the nine months ended September 30, 2011 when compared to the approximately \$2.22 received for the nine months ended September 30, 2012.

Lease operating expenses. Lease operating expenses were basically flat when comparing \$20,336 for the nine months ended September 30, 2011 to \$20,163 for the nine months ended September 30, 2012, a decrease of 4173 or 1%. On a per unit basis, lease operating expenses increased in total from \$1.9287 per Mcf for the nine months ended September 30, 2011 to \$2.2325 for the nine months ended September 30, 2012. The Company does not operate the current population of producing wells and therefore has no control over expenses at the time they are incurred. The increase in operating costs per unit of net production are reflective of the decrease in net production and no new wells being drilled.

Gathering and transportation. Gathering and transportation expense decreased from \$9,726 or 16% for the nine months ended September 30, 2011 to \$8,212 for the nine months ended September 30, 2012 which corresponds to

the 14% decline in daily production. On a total per unit basis, these expenses decreased from \$0.9224 per net Mcf for the nine months ended September 30, 2011 to \$0.9093 per net Mcf for the nine months ended September 30, 2012.

Production taxes. Total production taxes decreased by \$2,348 or 54% for the nine months ended September 30, 2012 compared to the prior nine months ended September 30, 2011. Production taxes are based upon values received and therefore lower as a direct result of the lower commodity prices received for the nine months ended September 30, 2012 versus the nine months ended September 30, 2011. On a per unit basis, production taxes per Mcf decreased by 46% from \$0.4139 to \$0.2232 per Mcf. Production taxes as a percentage of natural gas revenues averaged about 10.0% for the nine months ended September 30, 2012.

General and administrative. General and administrative expense decreased from \$147,487 for the nine months ended September 30, 2011 to \$79,207 for the nine months ended September 30, 2012. With limited cash resources, we have leaned heavily on management to perform day to day duties while limiting to the extent possible incurring any additional liabilities.

Interest expense. Interest expense decreased from \$204,542 or 1% for the nine months ended September 30, 2011 to \$202,948 during the nine months ended September 30, 2012.

Cash Flow Provided by Operating Activities

Net cash provided by operating activities was \$ 682,769 and \$ 668,060 for the nine months ended September 30, 2011 and 2012, respectively. The increase in cash flow from operations from the nine months ended September 30, 2011 to the nine months ended September 30, 2012 was primarily the result of increased debt levels.

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, capacity to reach markets and other variable factors influence market conditions for these products. These factors are beyond our control and are difficult to predict.

Cash Flow Used by Investing Activities

During the nine months ended September 30, 2011 and 2012, we had cash used by investing activities of \$12,941 and \$14,443,149, respectively. In 2011, we incurred additional capital costs finishing up wells drilled in the fourth quarter of 2010. In 2012, \$14,444,139 was reclassified from the equity section of our balance sheet to Other Assets – Restricted Cash.

Our capital expenditure budget for the remainder of 2012 as approved by our Board of Directors is \$920 thousand dollars, which includes \$645 thousand for drilling and completion, \$275 thousand for leasehold acquisitions. Our capital expenditures budget is contingent on the successful completion of the financings discussed above. Our capital budget may be adjusted as business conditions warrant. 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.

Off-Balance Sheet Arrangements

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

Item 5 – Legal Proceedings

None

Item 6 – Defaults upon senior securities

None

Item 7 – Other Information

None

Item 8 – Exhibits

None

Item 9 - 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, 2012



Kevin Norris
CEO