BLAST ENERGY SERVICES, INC.
Form DEF 14A
July 03, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant ý
Filed by a Party other than the Registrant ¨
Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Materials Under Rule 14a-12

BLAST ENERGY SERVICES, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: common stock and new Series A preferred stock of Blast Energy Services, Inc., a Texas corporation ("Blast").

(2) Aggregate number of securities to which transaction applies: 17,917,261 shares of common stock of Blast proposed to be issued in the merger in consideration for the outstanding shares of common stock of Pacific Energy Development Corp., a Nevada corporation ("PEDCO") as of June 29, 2012; 14,713,645 shares of new Series A Preferred Stock of Blast proposed to be issued in the merger in consideration for the outstanding shares of PEDCO's Series A Preferred Stock as of June 29, 2012; warrants to purchase 1,120,000 shares of Blast's common stock proposed to be issued in the merger in consideration for the outstanding warrants to purchase shares of PEDCO's common stock as of June 29, 2012; warrants to purchase 613,167 shares of new Series A Preferred Stock of Blast proposed to be issued in the merger in consideration for the outstanding warrants to purchase shares of PEDCO's Series A Preferred Stock as of June 29, 2012; options to purchase 4,235,000 shares of common stock of Blast proposed to be issued in the merger in consideration for the outstanding options to purchase shares of PEDCO's common stock as of June 29, 2012; up to 5,694,682 shares of new Series A Preferred Stock of Blast proposed to be issued in the

merger in consideration for shares of PEDCO's Series A Preferred Stock issuable prior to the closing of the merger as of June 29, 2012; and warrants to purchase up to 558,302 shares of new Series A Preferred Stock of Blast proposed to be issued in the merger in consideration for warrants to purchase shares of PEDCO's Series A Preferred Stock issuable prior to the closing of the merger as of June 29, 2012, as each is adjusted in connection with Blast's 1:112 reverse stock split as proposed below.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): Calculated solely for the purposes of determining the filing fee. The transaction value was determined by adding: (a) $1.12, the last sale reported of Blast's common stock on the Over-The-Counter Bulletin Board on June 29, 2012 (as adjusted for the 1:112 reverse split) multiplied by 17,917,261 shares of common stock of Blast (the merger consideration issuable to the holders of PEDCO's common stock); plus (b) $1.12 the value attributed to the newly designated shares of Series A Preferred Stock of Blast, due to the fact that such new Series A Preferred Stock convert into common stock on a one-for-one basis, multiplied by 14,713,645 shares of new Series A Preferred Stock (the merger consideration issuable to the holders of PEDCO's Series A Preferred Stock); plus (c) $0 (as the difference between the $1.12 per share value of the common stock and the weighted average exercise price per share of PEDCO's outstanding warrants to purchase shares of common stock ($1.25) is negative) multiplied by 1,120,000 warrants to purchase shares of Blast's common stock (post 1:112 reverse stock split); plus (d) $0.37 (which is the difference between the $1.12 value of Blast's common stock and the $0.75 exercise price of warrants to purchase shares of new Series A Preferred Stock of PEDCO), multiplied by 613,167 warrants to purchase shares of Blast's newly designated Series A Preferred Stock; plus (e) $0.966 (which is the difference between the $1.12 per share of the common stock and the weighted average exercise price per share of PEDCO's outstanding options to purchase shares of common stock)($0.15) multiplied by 4,235,000 options to purchase shares of Blast's common stock (post 1:112 reverse split); plus (f) $1.12 the value attributed to the newly designated shares of Series A Preferred Stock of Blast, due to the fact that such new Series A Preferred Stock convert into common stock on a one-for-one basis, multiplied by 5,694,682 shares of new Series A Preferred Stock (the merger consideration issuable to the holders of PEDCO's Series A Preferred Stock that may be issued prior to the closing of the merger); plus (g) $0.37 (which is the difference between the $1.12 value of Blast's common stock and the $0.75 exercise price of warrants to purchase shares of new Series A Preferred Stock of PEDCO), multiplied by 558,302 warrants to purchase shares of Blast's newly designated Series A Preferred Stock that may be issued prior to the closing of the merger.

(4) Proposed maximum aggregate value of transaction: $47,449,202, based upon the maximum number of shares to be issued in the merger described in this Proxy Statement multiplied by the per share price specified in the preceding paragraph

(5) Total fee paid: $5,438

¨ Fee paid previously with preliminary materials.

ý Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)Amount Previously Paid: $2,357
(2)Form, Schedule or Registration Statement No.: Preliminary Schedule 14A, Amendment No. 1
(3)Filing Party: Blast Energy Services, Inc.
(4)Date Filed: June 4, 2012

BLAST ENERGY SERVICES, INC.

PO Box 710152

Houston, Texas 77271-0152

July 2, 2012

Dear Shareholders:

You are cordially invited to attend a special meeting of the shareholders of Blast Energy Services, Inc. to be held at 9:00 A.M. local time on July 27, 2012, at The Loev Law Firm, P.C., 6300 West Loop South, Suite 280, Bellaire, Texas 77401.

(1) Approve an amendment and restatement of our certificate of formation, which will result in the conversion of all of our outstanding shares of Series A and Series B preferred stock into shares of our common stock on a one-for-one basis (immediately prior to the reverse stock split described below);

(2) Approve an amendment and restatement of our certificate of formation, which will result in a one-for-one hundred and twelve (1:112) reverse stock split of our outstanding common stock pursuant to which each of our shareholders will receive one share of our common stock for every one hundred and twelve (112) shares of common stock of our company that they own (subject to adjustment as provided in the agreement and plan of reorganization described below).

(3) Approve an amendment and restatement of our certificate of formation, which will result in the change in the name of our company to “PEDEVCO CORP.”.

(4) Approve an amendment and restatement of our certificate of formation, which will result in an increase in our authorized capital stock from 200,000,000 shares to 300,000,000 shares (the number of authorized shares of common stock to be increased from 180,000,000 to 200,000,000 shares and the number of shares of authorized preferred stock to be increased from 20,000,000 shares to 100,000,000 shares).

(5) Approve an amendment to our certificate of formation to limit the liability of our directors for monetary damages in connection with the breach of their fiduciary duty.

(6) Approve an amendment and restatement of our certificate of formation, which will result in the adoption of a change in our certificate of formation to clarify that any amendment or modification of the provision of our certificate of amendment which provides for us to indemnify our agents, will not adversely affect any right or protection of agents occurring prior to the date of such amendment or modification.

(7) Approve an amendment and restatement of our certificate of formation, which will result in a decrease in the amount of voting power required to be obtained by our stockholders to amend our certificate of formation and affect a Fundamental Action (as defined in the Texas Business Organizations Code) from not less than two-thirds of such voting power to not less than a majority of such voting power.

(8) Approve an amendment and restatement of our certificate of formation, which will result in, the creation of a new series of preferred stock to be called “Series A Preferred Stock,” and the designation of 25,000,000 shares of the new Series A Preferred Stock.

(9) Approve an amendment and restatement of our certificate of formation to update certain outdated provisions and remove certain redundant provisions of our certificate of formation and to further reword, clarify and affect certain other non-material changes to our certificate of formation.

(10) Approve an agreement and plan of reorganization, dated as of January 13, 2012, by and among Blast Energy Services, Inc. ("Blast"), Blast Acquisition Corp., a newly formed wholly-owned Nevada subsidiary of Blast ("MergerCo"), and Pacific Energy Development Corp., a Nevada corporation ("PEDCO"), pursuant to which MergerCo will be merged with and into PEDCO, with PEDCO being the surviving entity and becoming a wholly-owned subsidiary of Blast.

(11) Approve the adoption of the Blast Energy Services, Inc. 2012 Equity Incentive Plan.

(12) Transact such other business that may properly come before the special meeting or any adjournment of the special meeting.

Each of Proposals one through nine are separate Proposals relating to our amended and restated certificate of formation, and the approval of each such Proposal is conditioned upon the approval of each of the other Proposals set forth herein, including Proposal ten. Proposal eleven is a standalone Proposal and we will move forward with the adoption of Proposal eleven, assuming it is approved by the shareholders, regardless of their approval of any of the other Proposals described in the proxy statement.

If the proposed merger is completed, (1) each outstanding share of PEDCO common stock will be converted into one share of our common stock, (2) each outstanding share of PEDCO Series A preferred stock will be converted into one share of our new Series A preferred stock, and (3) each outstanding option or warrant to purchase shares of PEDCO common stock or preferred stock will be exchanged for an option or warrant to purchase the same number of shares of our common stock or preferred stock, as applicable, on the same terms. Immediately following the merger, PEDCO's existing shareholders will own an estimated approximately 91% of our outstanding common stock, 95% of our voting stock (common stock and Series A preferred stock, which votes one-for-one with the common stock) and 100% of our outstanding preferred stock after the merger.

As explained in the attached proxy statement, following the completion of the merger, we will continue to be engaged in the oil and gas exploration, development and production business. We will hold all of the equity interests of the surviving company of the merger, which will hold all of the assets and liabilities of PEDCO.

Completion of the merger is subject to the satisfaction of a number of important closing conditions, including the approval of the merger agreement and each Proposal relating to the amended and restated certificate of formation and designation by our shareholders at the special meeting.

Eric A. McAfee and Clyde Berg, who beneficially own a total of 63% of our outstanding common stock and 100% of our outstanding Series A preferred stock and Centurion Credit Funding, LLC ("Centurion"), which owns our one outstanding Series B preferred stock share, entered into voting agreements with us on January 13, 2012. Under the voting agreement, Mr. McAfee, Mr. Berg and Centurion agreed, on behalf of themselves and their affiliates, to vote the outstanding capital stock they beneficially own in favor of the merger agreement and the approval of the amended and restated certificate of formation and designation.

After careful consideration, the Blast board of directors has unanimously determined that the approval of the merger agreement, each Proposal relating to the amended and restated certificate of formation and designation, and the 2012 Equity Incentive Plan are advisable, and that such documents are fair to, and in the best interests of our shareholders, and has resolved to recommend the approval and adoption of the merger agreement, each Proposal relating to the amended and restated certificate of formation and designation, and the 2012 Equity Incentive Plan by our shareholders. Our board of directors unanimously recommends that you vote "FOR" the approval of (1) the merger agreement, (2) the conversion of our Series A and Series B preferred stock into shares of our common stock, (3) a reverse stock split of our common stock of 1:112, (4) a name change of Blast to "PEDEVCO CORP.", (5) an increase in our authorized shares of common stock from 180 million shares to 200 million shares and preferred stock from 20

million shares to 100 million shares, (6) the adoption of an amendment to our certificate of formation to limit the liability of our directors for monetary damages in connection with the breach of their fiduciary duty, (7) the adoption of an amendment to our certificate of formation to clarify that that any amendment or modification of the provision of our certificate of amendment which provides for us to indemnify our agents, will not adversely affect any right or protection of agents occurring prior to the date of such amendment or modification, (8) the adoption of an amendment to our certificate of formation to reduce the shareholder vote required to amend our certificate of formation and undertake certain other Fundamental Actions from two-thirds of such voting shares to a majority of our voting shares, (9) to approve the creation of a new series of preferred stock called "Series A Preferred Stock" and the designation of 25 million shares of such new Series A Preferred Stock, (10) to update certain outdated provisions and remove certain redundant provisions of our certificate of formation and to further reword, clarify and affect certain other non-material changes to our certificate of formation and (11) the 2012 Equity Incentive Plan. The attached proxy statement provides you with detailed information about the merger agreement, the amended and restated certificate of formation and designation, the 2012 Equity Incentive Plan and the special meeting. Please carefully review the proxy statement, including its appendices. In particular, you should carefully review the section entitled "Risk Factors" beginning on page 30, which describes risk factors relating to the merger and to the post-merger operation of our business.

We would like you to attend the special meeting. However, whether or not you plan to attend the special meeting, it is important for your shares to be represented at the meeting. Please sign, date, and return the enclosed proxy card in the enclosed envelope. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If your shares are held in "street name," you must instruct your broker, bank, or other nominee in order to vote. Remember, failing to vote has the same effect as a vote against the approval of the merger agreement and the amended and restated certificate of formation and designation.

These proxy materials are first being mailed to shareholders of our company on or about July 3, 2012.

Sincerely,
Roger P. (Pat) Herbert, Chairman, President and
Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Shareholders to be held on July 27, 2012.

In accordance with the rules issued by the Securities and Exchange Commission, we are providing access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.

Our proxy materials are also available at www.iproxydirect.com/BESV.

The Securities and Exchange Commission has not determined if the attached proxy statement is accurate or complete. Any representation to the contrary is a criminal offense.

BLAST ENERGY SERVICES, INC.
PO Box 710152
Houston, Texas 77271-0152

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JULY 27, 2012

Notice is hereby given that a special meeting of the shareholders of Blast Energy Services, Inc. is to be held at 9:00 A.M. local time on July 27, 2012, at The Loev Law Firm, P.C., 6300 West Loop South, Suite 280, Bellaire, Texas 77401, for the following purposes:

(1) Approve an amendment and restatement of our certificate of formation, which will result in, the conversion of all of our outstanding shares of Series A and Series B preferred stock into shares of our common stock on a one-for-one basis (immediately prior to the reverse stock split described below);

(2) Approve an amendment and restatement of our certificate of formation, which will result in a one-for-one hundred and twelve (1:112) reverse stock split of our outstanding common stock pursuant to which each of our shareholders will receive one share of our common stock for every one hundred and twelve (112) shares of common stock of our company that they own (subject to adjustment as provided in the agreement and plan of reorganization described below).

(3) Approve an amendment and restatement of our certificate of formation, which will result in, the change in the name of our company to “PEDEVCO CORP.”.

(4) Approve an amendment and restatement of our certificate of formation, which will result in, an increase in our authorized capital stock from 200,000,000 shares to 300,000,000 shares (the number of authorized shares of common stock to be increased from 180,000,000 to 200,000,000 shares and the number of shares of authorized preferred stock to be increased from 20,000,000 shares to 100,000,000 shares).

(5) Approve an amendment to our certificate of formation to limit the liability of our directors for monetary damages in connection with the breach of their fiduciary duty.

(6) Approve an amendment and restatement of our certificate of formation, which will result in, the adoption of a change in our certificate of formation to clarify that any amendment or modification of the provision of our certificate of amendment which provides for us to indemnify our agents, will not adversely affect any right or protection of agents occurring prior to the date of such amendment or modification.

(7) Approve an amendment and restatement of our certificate of formation, which will result in, a decrease in the amount of voting power required to be obtained by our stockholders to amend our certificate of formation and affect a Fundamental Action (as defined in the Texas Business Organizations Code) from not less than two-thirds of such voting power to not less than a majority of such voting power.

(8) Approve an amendment and restatement of our certificate of formation, which will result in, the creation of a new series of preferred stock to be called “Series A Preferred Stock,” and the designation of 25,000,000 shares of the new Series A Preferred Stock.

(9) Approve an amendment and restatement of our certificate of formation to update certain outdated provisions and remove certain redundant provisions of our certificate of formation and to further reword, clarify and affect

certain other non-material changes to our certificate of formation.

(10) Approve an agreement and plan of reorganization, dated as of January 13, 2012, by and among Blast Energy Services, Inc. ("Blast"), Blast Acquisition Corp., a newly formed wholly-owned Nevada subsidiary of Blast ("MergerCo"), and Pacific Energy Development Corp., a Nevada corporation ("PEDCO"), pursuant to which MergerCo will be merged with and into PEDCO, with PEDCO being the surviving entity and becoming a wholly-owned subsidiary of Blast.

(11) Approve the adoption of the Blast Energy Services, Inc. 2012 Equity Incentive Plan.

(12) Transact such other business that may properly come before the special meeting or any adjournment of the special meeting.

The merger agreement, the amended and restated certificate of formation and designation and the 2012 Equity Incentive Plan are described more fully in the attached proxy statement. You are encouraged to review the entire proxy statement carefully, including the appendices that are attached to the proxy statement. A copy of the merger agreement and amendment thereto are attached as Appendix A to the proxy statement. A copy of the amended and restated certificate of formation and designation is attached as Appendix B to the proxy statement. A copy of the 2012 Equity Incentive Plan is attached as Appendix C to the proxy statement.

The Blast board of directors has unanimously approved (1) the amended and restated certificate of formation and designation, (2) the merger agreement, and (3) the 2012 Equity Incentive Plan, and unanimously recommends that Blast stockholders vote "FOR" (1) the merger agreement, (2) the conversion of our Series A and Series B preferred stock into shares of our common stock, (3) a reverse stock split of our common stock of 1:112, (4) a name change of Blast to "PEDEVCO CORP.", (5) an increase in our authorized shares of common stock from 180 million shares to 200 million shares and preferred stock from 20 million shares to 100 million shares, (6) the adoption of an amendment to our certificate of formation to limit the liability of our directors for monetary damages in connection with the breach of their fiduciary duty, (7) the adoption of an amendment to our certificate of formation to clarify that any amendment or modification of the provision of our certificate of amendment which provides for us to indemnify our agents, will not adversely affect any right or protection of agents occurring prior to the date of such amendment or modification, (8) the adoption of an amendment to our certificate of formation to reduce the shareholder vote required to amend our certificate of formation and undertake certain other Fundamental Actions from two-thirds of such voting shares to a majority of our voting shares, (9) to approve the creation of a new series of preferred stock called "Series A Preferred Stock" and the designation of 25 million shares of such new Series A Preferred Stock, (10) to update certain outdated provisions and remove certain redundant provisions of our certificate of formation and to further reword, clarify and affect certain other non-material changes to our certificate of formation, and (11) the 2012 Equity Incentive Plan.

Only shareholders of record of our common stock and preferred stock at the close of business on June 27, 2012 are entitled to notice of and to vote at the special meeting and at any adjournment of the special meeting. All shareholders of record are invited to attend the special meeting in person. We anticipate that the members of our board of directors and our executive officers, who beneficially own a total of approximately 3.1% of our outstanding common stock, will vote in favor of the merger agreement, each of the Proposals relating to our amended and restated certificate of formation and designation and the 2012 Equity Incentive Plan. Eric A. McAfee and Clyde Berg, who beneficially own a total of 63% of our outstanding common stock and 100% of our outstanding Series A preferred stock and Centurion Credit Funding, LLC ("Centurion"), which owns our one outstanding Series B preferred stock share, entered into voting agreements with us on January 13, 2012. Under the voting agreement, Mr. McAfee, Mr. Berg and Centurion agreed, on behalf of themselves and their affiliates, to vote the outstanding capital stock they beneficially own in favor of the merger agreement and the approval of the amended and restated certificate of formation and designation (including Proposals one through nine, above).

Approval of the merger agreement and each Proposal relating to our amended and restated certificate of formation and designation requires the approval of the holders, as of the close of business on the record date, of: (i) at least two-thirds of the outstanding shares of our common stock and preferred stock (voting as a single class on an as-converted to common stock basis), (ii) at least two-thirds of the outstanding shares of our Series A preferred stock, voting as a separate class, and (iii) our single outstanding share of Series B preferred stock, voting as a separate class. Blast Energy Services, Inc., as the sole shareholder of MergerCo, approved the merger, the merger agreement and the amended and restated certificate of formation and designation on January 13, 2012. The Proposal to approve the adoption of our 2012 Equity Incentive Plan will be approved if the votes cast in favor of the Proposal exceed those

cast against it.

Regardless of whether or not you plan to attend the special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record, please complete, sign, date, and return the accompanying proxy card in the enclosed envelope. If you hold your stock in "street name" through a broker, bank, or other nominee, please direct the broker, bank, or other nominee how to vote your shares in accordance with the instructions that you have received, or will receive, from that person.

If you sign, date, and mail your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the approval of the merger agreement, each of the Proposals relating to the approval of the amended and restated certificate of formation and designation, and the approval of the 2012 Equity Incentive Plan. If you fail to return your proxy card and do not vote in person at the special meeting, it will have the same effect as a vote against the approval of the merger agreement and the amended and restated certificate of formation and designation. Any shareholder attending the special meeting may vote in person even if he or she has returned a proxy card. Such a vote at the special meeting will revoke any proxy previously submitted.

By Order of the Board of Directors,
Roger P. (Pat) Herbert, Chairman, President and Chief Executive Officer
July 2, 2012

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. IN ORDER TO ENSURE THAT YOUR SHARES ARE VOTED, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE. IF GIVEN, YOU MAY REVOKE YOUR PROXY BY FOLLOWING THE INSTRUCTIONS IN THE PROXY STATEMENT.

BLAST ENERGY SERVICES, INC.

PO Box 710152
Houston, Texas 77271-0152

PROXY STATEMENT

Special Meeting Of Shareholders To Be Held On July 27, 2012

This proxy statement is being furnished to the shareholders of Blast Energy Services, Inc. in connection with the solicitation of proxies by our board of directors for use at the special meeting of our shareholders to be held on July 27, 2012, and at any adjournments or postponements thereof.

This proxy statement and the accompanying proxy card are first being mailed to our shareholders on or about July 2, 2012.

The purpose of the special meeting is to consider and vote upon the following:

(1) Approve an amendment and restatement of our certificate of formation, which will result in the conversion of all of our outstanding shares of Series A and Series B preferred stock into shares of our common stock on a one-for-one basis (immediately prior to the reverse stock split described below);

(2) Approve an amendment and restatement of our certificate of formation, which will result in a one-for-one hundred and twelve (1:112) reverse stock split of our outstanding common stock pursuant to which each of our shareholders will receive one share of our common stock for every one hundred and twelve (112) shares of common stock of our company that they own (subject to adjustment as provided in the agreement and plan of reorganization described below).

(3) Approve an amendment and restatement of our certificate of formation, which will result in, the change in the name of our company to “PEDEVCO CORP.”.

(4) Approve an amendment and restatement of our certificate of formation, which will result in an increase in our authorized capital stock from 200,000,000 shares to 300,000,000 shares (the number of authorized shares of common stock to be increased from 180,000,000 to 200,000,000 shares and the number of shares of authorized preferred stock to be increased from 20,000,000 shares to 100,000,000 shares).

(5) Approve an amendment to our certificate of formation to limit the liability of our directors for monetary damages in connection with the breach of their fiduciary duty.

(6) Approve an amendment and restatement of our certificate of formation, which will result in the adoption of a change in our certificate of formation to clarify that any amendment or modification of the provision of our certificate of amendment which provides for us to indemnify our agents, will not adversely affect any right or protection of agents occurring prior to the date of such amendment or modification.

(7) Approve an amendment and restatement of our certificate of formation, which will result in a decrease in the amount of voting power required to be obtained by our stockholders to amend our certificate of formation and affect a Fundamental Action (as defined in the Texas Business Organizations Code) from not less than two-thirds of such voting power to not less than a majority of such voting power.

(8) Approve an amendment and restatement of our certificate of formation, which will result in, the creation of a new series of preferred stock to be called “Series A Preferred Stock,” and the designation of 25,000,000 shares of the

new Series A Preferred Stock.

(9) Approve an amendment and restatement of our certificate of formation to update certain outdated provisions and remove certain redundant provisions of our certificate of formation and to further reword, clarify and affect certain other non-material changes to our certificate of formation.

(10) Approve an agreement and plan of reorganization, dated as of January 13, 2012, by and among Blast Energy Services, Inc. ("Blast"), Blast Acquisition Corp., a newly formed wholly-owned Nevada subsidiary of Blast ("MergerCo"), and Pacific Energy Development Corp., a Nevada corporation ("PEDCO"), pursuant to which MergerCo will be merged with and into PEDCO, with PEDCO being the surviving entity and becoming a wholly-owned subsidiary of Blast.

(11) Approve the adoption of the Blast Energy Services, Inc. 2012 Equity Incentive Plan.

(12) Transact such other business that may properly come before the special meeting or any adjournment of the special meeting.

Record Date; Shares Entitled To Vote; Vote Required To Approve The Transaction

Our Board of Directors has fixed the close of business on June 27, 2012, as the date for the determination of shareholders entitled to vote at the special meeting. On June 27, 2012, the record date, 152,088,555 shares of our common stock were outstanding, each entitled to one vote per share, 6,000,000 shares of our Series A preferred stock were outstanding, each entitled to 2.5 votes per share, and one share of our Series B preferred stock was outstanding.

The presence at the special meeting, in person or by proxy, of the holders of shares of voting stock representing at least a majority of the total voting power of the shares of voting stock which are eligible to be voted on the record date is necessary to constitute a quorum for the transaction of business at the special meeting. In the absence of a quorum, the special meeting may be postponed from time to time until shareholders holding the requisite number of shares of our common stock and preferred stock are represented in person or by proxy. Broker non-votes and abstentions will be counted towards a quorum at the special meeting and will be treated as votes against the Proposals. If you return the attached proxy card with no voting decision indicated, the proxy will be voted "FOR" the approval of all Proposals made at the meeting. Each holder of record of shares of our common stock and Series B preferred stock is entitled to cast, for each share registered in his, her or its name, one vote on each Proposal as well as on each other matter presented to a vote of shareholders at the special meeting. Each holder of our Series A preferred stock is entitled to cast, for each share registered in his, her or its name, 2.5 votes on each Proposal, as well as on each other matter presented to a vote of shareholders at the special meeting.

Eric A. McAfee and Clyde Berg, who beneficially own a total of 63% of our outstanding common stock and 100% of our outstanding Series A preferred stock and Centurion Credit Funding, LLC ("Centurion"), which owns our one outstanding Series B preferred stock share, entered into voting agreements with us on January 13, 2012. Under the voting agreement, Mr. McAfee, Mr. Berg and Centurion agreed, on behalf of themselves and their affiliates, to vote the outstanding capital stock they beneficially own in favor of the merger agreement and the approval of the amended and restated certificate of formation and designation.

Solicitation, Voting and Revocation of Proxies

This solicitation of proxies is being made by our board of directors, and we will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communications by directors, officers and employees of our company, who will not receive any additional compensation for such solicitation activities. We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

Shares of our common stock and preferred stock represented by a proxy properly signed and received at or prior to the special meeting, unless properly revoked, will be voted in accordance with the instructions on the proxy. If a proxy is signed and returned without any voting instructions, shares of our common stock and preferred stock represented by the proxy will be voted "FOR" each Proposal and, in accordance with the determination of our Chief Executive Officer, Roger P. (Pat) Herbert, as to any other matter which may properly come before the special meeting, including any adjournment or postponement thereof. A shareholder may revoke any proxy given pursuant to this solicitation by: (i) delivering to our corporate secretary, prior to or at the special meeting, a written notice revoking the proxy; (ii) delivering to our corporate secretary, at or prior to the special meeting, a duly executed proxy relating to the same shares and bearing a later date; or (iii) voting in person at the special meeting. Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communications with respect to the revocation of a proxy should be addressed to:

Blast Energy Services, Inc.
PO Box 710152
Houston, Texas 77271-0152

Our board of directors is not aware of any business to be acted upon at the special meeting other than consideration of the Proposals described herein.

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SUMMARY OF THE PROXY STATEMENT

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger agreement, the amended and restated certificate of formation and designations, and the 2012 Equity Incentive Plan more fully, you should carefully read this entire proxy statement, including its appendixes. A copy of the merger agreement and amendment thereto are attached as Appendix A to this proxy statement. A copy of the amended and restated certificate of formation and designations is attached as Appendix B to this proxy statement. A copy of the 2012 Equity Incentive Plan is attached as Appendix C to this proxy statement. We encourage you to read the merger agreement, the amended and restated certificate of formation and designations, and the 2012 Equity Incentive Plan completely, as those documents, and not this summary, are the legal documents that govern the merger and your rights as a shareholder. Each item in this summary includes a page reference directing you to a more complete description in this proxy statement of that topic.

The Parties to the Merger (page 60)

Blast Energy Services, Inc. ("Blast") is an independent oil and gas producer with additional revenue potential from its applied fluid jetting technology. Blast has grown operations through investment and acquisition of oil producing properties. Currently Blast holds an interest in certain oil and gas properties, including the Sugar Valley Oil Field, a producing oil field in Texas, and a working interest in a lease comprising 2,500 acres which includes the Kreyenhagen Shale formation in the Guijarral Hills area of the San Juan Valley, Fresno County, California.

Our common stock is traded on the OTCBB under the symbol "BESV.OB."

Blast is a Texas corporation. We have three wholly-owned subsidiaries: Eagle Domestic Drilling Operations LLC, a Texas limited liability company that holds no assets, Blast AFJ, Inc., a Delaware corporation, that holds Blast's applied fluid jetting technology and assets, and Blast Acquisition Corp., a Nevada corporation that was formed for the specific purpose of entering into the merger and has not engaged in any business activities other than activities incidental to its formation and the transactions contemplated by the merger agreement. Blast Energy Services, Inc. and its subsidiaries have an address for notices located at PO Box 710152, Houston, Texas 77271-0152. The telephone number of Blast and its subsidiaries is (281) 453-2888. Additional information about Blast and its subsidiaries is included in the documents described in "Where You Can Find More Information" on page 145.

Pacific Energy Development Corp. ("PEDCO") is a development stage Nevada corporation formed for the purpose of (i) engaging in the business of oil and gas exploration, development and production of primarily shale oil and gas and secondarily conventional oil and gas opportunities in the United States, and (ii) subsequently utilizing its strategic relationships for exploration, development and production in the Pacific Rim countries, with a particular focus in China. PEDCO also holds a 6% joint venture interest in Rare Earth Ovonic Metal Hydride JV Co. Ltd. Joint Venture, a Chinese rare earth metal manufacturing and production company (the "Rare Earth JV"). PEDCO was formed in February 2011. PEDCO's principal executive offices are located at 4125 Blackhawk Plaza Circle, Suite 201, Danville, California 94506. The phone number for PEDCO is (925) 203-5699.

There is no established public trading market for any of PEDCO's securities.

If the merger is completed, PEDCO will become a wholly-owned subsidiary of Blast, and Blast and PEDCO will combine their respective business operations.

Summary of the Merger (page 59)

The merger agreement provides that MergerCo (a wholly owned subsidiary of Blast) will be merged with and into PEDCO, which will continue as the surviving corporation. Blast will then continue after the merger under the name

"PEDEVCO CORP." In the merger, (1) each outstanding share of PEDCO common stock will be exchanged for one share of our common stock, (2) each outstanding share of PEDCO Series A preferred stock will be exchanged for one share of our Series A preferred stock, and (3) each outstanding option or warrant to purchase shares of common stock or preferred stock of PEDCO will be exchanged for an option or warrant to purchase the same number of shares of our common stock or preferred stock, as applicable, on the same terms, each after affecting the reverse stock split described below. After the merger, PEDCO will become our wholly-owned subsidiary. In the merger, and after taking into account a reverse stock split in a ratio of between one-for-one hundred and one-for one hundred and twelve, we currently anticipate issuing 17,917,261 shares of our common stock to existing holders of common stock of PEDCO, 14,713,645 shares of our new Series A preferred stock to existing holders of Series A preferred stock of PEDCO, and warrants to purchase 1,120,000 shares of our common stock and 613,167 shares of new Series A preferred stock to existing holders of warrants to purchase common and preferred stock of PEDCO, respectively, and options to purchase 4,235,000 shares of our common stock to existing holders of options to purchase common stock of PEDCO. Further, up to an additional 5,694,682 shares of PEDCO Series A preferred stock and three-year warrants to purchase up to 558,302 shares of PEDCO Series A preferred stock exercisable at $0.75 per share may be issued to placement agents in connection with the additional sale by PEDCO in private transactions to "accredited investors" of approximately $4.2 million of Series A preferred stock of PEDCO prior to the merger, and additional shares of PEDCO common stock and preferred stock, and convertible securities exercisable therefor, may be issued by PEDCO prior to the merger, subject to a maximum aggregate total of no more than 45 million shares of PEDCO capital stock being issued and outstanding, or committed for future issuance, on a fully-diluted basis (including all issued and outstanding common stock, preferred stock, options, warrants, and issuance commitments) prior to the merger, without the prior written consent of Blast.

Immediately following the merger (and taking into account the reverse stock split and other transactions contemplated by our amended and restated certificate of formation), PEDCO's existing shareholders will own an estimated approximately 91% of our outstanding common stock, 95% of our voting stock (common stock and Series A preferred stock, which votes one-for-one with the common stock) and 100% of our outstanding preferred stock after the merger.. Immediately following the merger, PEDCO's existing common shareholders will receive approximately 17.9 million shares of Blast in exchange for their PEDCO shares, and PEDCO's existing preferred stockholders will receive approximately 12 million shares of the newly issued Blast Series A Preferred Stock in exchange for their PEDCO preferred stock. For more detailed information, see: – "Increase of Authorized Common and Preferred Stock" and "Reverse Stock Split." Since the execution of the merger agreement, PEDCO has advanced Blast approximately $460,000 to cover Blast's operating and merger expenses and an additional $30,000 in the form of a deposit. The merger agreement provides for an automatic adjustment in the reverse stock split ratio (and therefore a reduction in the percentage of shares to be retained by Blast shareholders in the merger) based on the total amount of unpaid advances at closing. The share numbers and percentages used throughout this proxy statement assume that the total of such unpaid advances, at closing will equal approximately $550,000, resulting in a reverse split ratio of one-for-112. Our Board of Directors has previously determined not to move forward with the merger transaction and approval of the amended and restated certificate of formation in the event the total reverse split required to be effected pursuant to the terms of the merger (as summarized above) would be greater than 1:112. See "Adjustment of Reverse Stock Split Ratio" below on page 111.

The Special Meeting of Our Shareholders (page 55)

Time, Date, and Place. The special meeting will be held on July 27, 2012, beginning at 9:00 a.m., local time, at The Loev Law Firm, P.C., 6300 West Loop South, Suite 280, Bellaire, Texas 77401, and at any adjournment or postponement of the special meeting.

Purpose. The purpose of the special meeting is to consider and vote upon Proposals to approve the merger agreement, the Proposals relating to the amended and restated certificate of formation and designations, including the reverse stock split, the name change, the increase in the number of authorized shares of our preferred stock, the creation of our new Series A preferred stock, and, and the 2012 Equity Incentive Plan.

Record Date and Quorum. We have fixed the close of business on June 27, 2012 as the record date for the special meeting, and only shareholders of record on the record date are entitled to vote at the special meeting. You may vote all shares of our common stock and preferred stock that you owned of record at the close of business on the record date. The presence at the special meeting, in person or by proxy, of the holders of shares of voting stock representing at least a majority of the total voting power of the shares of voting stock which are eligible to be voted on the record date is necessary to constitute a quorum for the transaction of business at the special meeting.

Vote Required. Approval of the merger agreement and the Proposals relating to our amended and restated certificate of formation and designations require the approval of the holders, as of the record date, of two-thirds of the outstanding shares of our common stock and preferred stock (voting as a single class on an as-converted to common stock basis), two-thirds of our outstanding Series A preferred stock voting separately as a class, and the single share of our outstanding Series B preferred stock. The Proposal to approve the adoption of our 2012 Equity Incentive Plan will be approved if the votes cast in favor of the Proposal exceed those cast against it.

Voting and Proxies. If you hold stock in your name as a shareholder of record, you may vote in person at the meeting, by returning the accompanying proxy card in the enclosed envelope. If you hold your stock in “street name” through a broker, bank, or other nominee, you must direct the broker, bank, or other nominee how to vote your shares in accordance with the instructions that you have received, or will receive, from that person.

Right to Revoke Proxies. If you hold stock in your name as a shareholder of record, you have the right to change or revoke your proxy at any time before the vote is taken at the special meeting by: (1) attending the special meeting in person and voting; (2) submitting a later-dated proxy card; or (3) notifying us that you are revoking your proxy by delivering a later-dated written statement to that effect to us at Blast Energy Services, Inc., PO Box 710152, Houston, Texas 77271-0152, Attention: Chief Financial Officer.

Risk Factors (page 30)

In evaluating the merger, the merger agreement, our amended and restated certificate of formation and designations and the 2012 Equity Incentive Plan, and before deciding how to vote your shares, you should carefully review the section of this proxy statement entitled “Risk Factors,” which describes risk factors relating to the merger and to the post-merger operations of PEDCO’s business.

Background of the Merger and Reasons for the Merger (page 59)

Over the past 12 months, we have pursued a variety of capital raising alternatives to supplement anticipated income from our oil and gas investments in order to meet our operational capital requirements and service our outstanding debt. In particular, due to the higher than expected drilling costs experienced by our operating partner in connection with the Guijarral Hills well, the lack of economic oil production in the first zones tested, and the need for additional capital for additional testing, we were unable to raise the funds necessary to proceed with the testing of our well at our Guijarral Hills site. Although we do currently have a working interest in a producing field located in Texas, the cash flow generated by the wells in this field has not been sufficient to satisfy our ongoing working capital and other financial commitments, including the need to service and repay approximately $4.0 million of outstanding debt. Accordingly, we pursued a business combination transaction with an existing private enterprise operating in a similar line of business that was willing to acquire our oil and gas assets and assume our liabilities, in part so as to benefit from our status as a public company.

Given that the fact that PEDCO had been selling shares of its Series A preferred stock at $0.75 per share while the public market value of our shares was approximately $0.01 per share during the time period the merger was negotiated and agreed to (i.e., December 2011 through January 2012), we felt that the merger was an attractive alternative for our shareholders. We did not obtain a third-party fairness opinion for the merger due to the fact that our Board of

Directors believed that the merger was fair to its shareholders based on the criteria below and because we did not have sufficient working capital to pay for the costs associated with a fairness opinion. In evaluating the merger transaction, some of the important factors in our decision included: (i) the assumption and extension of $1.33 million of our senior secured debt (to take effect upon consummation of the merger); (ii) the willingness of our creditors to convert $1.45 million of our outstanding secured debt into common stock at a price of $0.02 per share (prior to the reverse stock split), (iii) the willingness of our existing holders of preferred stock to convert 6,000,000 shares of our preferred stock, with cumulative dividend rights and preferential liquidation preferences, into our common stock on a one-for-one basis (instead of a 2.5-for-one basis as provided for currently); (iv) the willingness of our Series B preferred stock shareholder to convert its outstanding share of preferred stock, which included the right to approve certain fundamental company transactions, into one share of common stock upon consummation of the merger; and (v) the combination of our existing assets with PEDCO, a company that has agreed to manage our assets and assume our debts. See also, “Background of the Merger and Reasons for the Merger”, below.

Based on these and other factors, our board of directors unanimously concluded that the merger represents the best available option for our company to continue as a going concern, and that the merger provides the best existing alternative for our shareholders to receive value on their investment. See “Unanimous Recommendation of Our Board of Directors” (page 55).

Our Board of Directors has unanimously determined that the adoption of the merger, the merger agreement and the amended and restated certificate of formation and designations are advisable, and that such documents are fair to, and in the best interests of our shareholders, has approved and authorized in all respects the merger agreement and the amended and restated certificate of formation and designations, and recommends that you vote “FOR” the approval of (1) the merger agreement, (2) the conversion of our Series A and Series B preferred stock into shares of our common stock, (3) a reverse stock split of our common stock of 1:112, (4) a name change of Blast to “PEDEVCO CORP.”, (5) an increase in our authorized shares of common stock from 180 million shares to 200 million shares and preferred stock from 20 million shares to 100 million shares, (6) the adoption of an amendment to our certificate of formation to limit the liability of our directors for monetary damages in connection with the breach of their fiduciary duty, (7) the adoption of an amendment to our certificate of formation to clarify that that any amendment or modification of the provision of our certificate of amendment which provides for us to indemnify our agents, will not adversely affect any right or protection of agents occurring prior to the date of such amendment or modification, (8) the adoption of an amendment to our certificate of formation to reduce the shareholder vote required to amend our certificate of formation and undertake certain other Fundamental Actions from two-thirds of such voting shares to a majority of our voting shares, (9) to approve the creation of a new series of preferred stock called “Series A Preferred Stock” and the designation of 25 million shares of such new Series A Preferred Stock, (10) to update certain outdated provisions and remove certain redundant provisions of our certificate of formation and to further reword, clarify and affect certain other non-material changes to our certificate of formation, and (11) the 2012 Equity Incentive Plan.

Interests in the Merger of Our Board of Directors and Executive Officers and Other Related Persons (page 68)

As of the record date, our two directors and our executive officers collectively beneficially owned approximately 3.1% of our outstanding common stock. Other than their interests as shareholders and as described below, our current directors and officers have no direct or indirect interest in the merger, the merger agreement or the amended and restated certificate of formation and designations.

Michael L. Peterson served on our board of directors from May 2008 until December 2011. He also served as interim President and CEO from June 2009 until December 2011. Mr. Peterson beneficially owns 2,950,000 shares of our common stock, totaling 1.9% of our outstanding common stock. In September 2011, Mr. Peterson entered into a consulting agreement with PEDCO to serve as PEDCO’s Executive Vice President. In February 2012, Mr. Peterson entered into an employment agreement with PEDCO to serve as PEDCO’s Executive Vice President at an annual base salary of $250,000, and in June 2012, Mr. Peterson and PEDCO revised his employment agreement to provide for his additional assumption of the office of Chief Financial Officer effective June 16, 2012, with an annual base salary of $275,000 effective September 1, 2012, and certain other changes. Mr. Peterson beneficially owns 4.9% of PEDCO’s outstanding common stock, and will own 4.8% of the outstanding stock of Blast after the merger with PEDCO.

Eric A. McAfee and Clyde Berg, who beneficially own a total of 63.3% of our outstanding common stock and 100% of our outstanding Series A preferred stock and Centurion, which owns our one outstanding Series B preferred stock share, entered into voting agreements with us on January 13, 2012. Under the voting agreement, Mr. McAfee, Mr. Berg and Centurion agreed, on behalf of themselves and their affiliates, to vote the outstanding capital stock they beneficially own in favor of the merger agreement and the approval of the amended and restated certificate of formation and designations. These voting agreements currently terminate on August 1, 2012. Further information on these stockholders is provided under "Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters" on page 129.

Members of our board of directors and some of our officers have agreed to convert amounts owed to them into shares of our common stock. See "Officer, Director and Other Debt Conversions" below.

Certain of PEDCO's directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of PEDCO stockholders generally.

As detailed below under "The Merger — Management and Operations After the Merger," it is anticipated that all of our current officers and directors will resign and Frank C. Ingriselli will serve as our Executive Chairman of the Board, President and Chief Executive Officer, Jamie Tseng will serve as our Senior Vice President and Managing Director, Michael L. Peterson will serve as our Chief Financial Officer and Executive Vice President, and Clark R. Moore will serve as our Executive Vice President, General Counsel and Secretary, and all of the members of PEDCO's board of directors immediately prior to the merger will continue to serve as directors of Blast upon completion of the merger. No payments or benefits will be triggered as a result of the merger under the outstanding stock option, stock purchase, and employment agreements that PEDCO has entered into with its executive officers.

Material United States Federal Income Tax Consequences of the Merger (page 69)

The merger will constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended, and our shareholders generally will not recognize any gain or loss for U.S. federal income tax purposes by reason of the merger or the reverse stock split described in this proxy statement.

The federal income tax consequences summarized above may not apply to all of our shareholders. Your tax consequences will depend upon your individual situation. Therefore, we strongly encourage you to consult with your tax advisor for a full understanding of the particular tax consequences of the merger and the reverse stock split to you.

Effects of the Merger and Amended and Restated Certificate of Formation and Designations on our Current Shareholders (pages 59 and 108)

While the merger itself will not affect any of our currently outstanding shares of stock, the issuance of our shares in the merger will decrease our existing shareholders' percentage equity ownership in our company. Furthermore, the amended and restated certificate of formation and designations, the filing of which is a condition to closing the merger, will affect the rights of our shareholders. When the amended and restated certificate of formation and designations is filed, all outstanding shares of our Series A and Series B preferred stock will convert into shares of our common stock on a one-to-one basis, immediately followed by a 1-for-112 reverse stock split of our common stock (subject to adjustment as described below under "Adjustment of Reverse Stock Split Ratio"). The reverse stock split will not immediately affect any of our shareholder's proportional equity interests in our company, nor will it change any of the rights of the existing holders of our common stock. However, after the reverse stock split is effectuated, our current shareholders will own fewer shares than they presently own (a number equal to one-one hundred and twelfth (1/112th) the number of shares owned immediately prior to the reverse stock split). Furthermore, the number of shares of our common stock authorized for issuance will increase from 180,000,000 shares to 200,000,000 shares. The future issuance of any such shares (including, but not limited to shares issued in the merger) will decrease

our existing shareholders' percentage equity ownership in our company and, depending on the price at which they are issued, would be dilutive to our existing shareholders.

The filing of the amended and restated certificate of formation and designations will also result in an increase in the number of authorized shares of preferred stock from 20,000,000 shares to 100,000,000 shares and result in the creation of a new series of Series A preferred stock, described in greater detail below under "Proposal V – Approval Of An Increase In Our Authorized Shares Of Common Stock From 180 Million Shares To 200 Million Shares And Preferred Stock From 20 Million Shares To 100 Million Shares" and "Proposal X – Approval Of The Amended And Restated Certificate Of Designations Of Our Series A Preferred Stock". Future issuances of these shares of preferred stock (including, but not limited to shares issued in the merger) will decrease our existing shareholders' percentage equity ownership in our company and could be dilutive. Furthermore, the designation of the new Series A preferred stock will create a series of preferred stock with certain preferences and priorities over the holders of our common stock, including with respect to rights to dividends and distributions upon liquidation.

Conditions to Closing the Merger (page 105)

Before the merger can be completed, a number of closing conditions must be satisfied by both parties, including the approval of the merger agreement and the amended and restated certificate of formation and designations by our shareholders.

Changes in Directors and Management (page 102)

Upon the closing of the merger, the board of directors of PEDCO will become the board of directors of the surviving company, our board of directors will be increased from two to three, and three persons designated by PEDCO will serve on our board of directors. PEDCO has advised us that immediately prior to the merger, the board of directors of PEDCO will consist of Frank C. Ingriselli, Michael L. Peterson, and Jamie Tseng, and that it intends to designate the same individuals to our board of directors.

SUMMARY PRO FORMA INFORMATION

The unaudited pro forma information of the Company set forth below gives effect to the merger of Pacific Energy Development Corporation as if it had been consummated as of the beginning of the applicable periods. The unaudited pro forma information has been derived from the historical Consolidated Financial Statements of Blast Energy Services, Inc. and Pacific Energy Development Corporation. The unaudited pro forma information is for illustrative purposes only. You should not rely on the unaudited pro forma financial information as being indicative of the historical results that would have been achieved had the acquisition occurred in the past or the future financial results that the Company will achieve after the acquisition.

PEDEVCO CORP.
(formerly Blast Energy Services, Inc.)
Pro forma Consolidated Balance Sheets
(Unaudited)

	Blast Energy Services, Inc. 03/31/12	Pacific Energy Development Corporation 03/31/12		Pro forma Adjustments	Pro forma Consolidated 03/31/12
Assets					
Current assets:					
Cash	$ 3,097	$ 250,884			$ 253,981
Accounts receivable, net	20,742	58,292			79,034
Deferred costs	-	309,635			309,635
Prepaid expenses and other current assets	68,655	20,170			88,825
Total current assets	92,494	638,981			731,475
Oil and gas properties - full cost method					
Proved oil and gas properties	1,212,824	-			1,212,824
Unproved oil and gas properties	696,178	-			696,178
Less: accumulated depletion	(512,973)	-			(512,973)
Total oil and gas properties, net	1,396,029	-			1,396,029
Oil and gas properties– successful efforts					
Proved oil and gas properties	-	3,750,000			3,750,000
Unproven oil and gas properties	-	1,729,989			1,729,989
Equity method investment	-	560,882			560,882
Total oil and gas properties	-	6,040,871			6,040,871
Other investment	-	4,100			4,100
Equipment, net	381,421	-			381,421
Goodwill	-	-	(1)	2,091,000	2,091,000
Total assets	$ 1,869,944	$ 6,683,952		2,091,000	$ 10,644,896
Liabilities and Stockholders' Equity					

Current liabilities:					
Accounts payable	$ 82,437	$ 74,513			$ 156,950
Accrued expenses	672,197	2,756,009			3,428,206
Accrued expenses – related parties	396,413	-	(6)	(344,997)	51,416
Note payable – related parties	106,150	-			106,150
Notes payable – other	1,561,589	-			1,561,589
Total current liabilities	2,818,786	2,830,522			5,304,311
Long-term liabilities:					
Notes payable – related party	1,120,000	-	(6)	(1,120,000)	-
Asset retirement obligations	41,712	-			41,712
Total liabilities	3,980,498	2,830,522			5,346,023

Stockholders' equity:					
Series A Preferred Stock, $.001 par value, 20,000,000 shares authorized, 6,000,000 shares issued and outstanding	6,000	-	(2)	(6,000)	14,714
			(5)	14,714	
Series A Preferred Stock, $.001 par value, 100,000,000 shares authorized, 11,222 874 shares issued and outstanding	-	11,224	(5)	(11,224)	-
Series B Preferred Stock, $.001 par value, 1 share authorized 1 and 0 share issued and outstanding, respectively	-	-	(2)	-	-
Common Stock, $.001 par value, 180,000,000 shares authorized; 71,425,905 shares and 19,202,580 shares issued and outstanding, respectively	71,426	-	(2)	6,000	19,263
			(3)	(76,734)	
			(4)	17,917	
			(6)	654	
Common stock, $0.001 par value, 200,000,000 shares authorized; 15,502,261 shares issued and outstanding	-	15,503	(4)	(15,503)	-
Subscription receivable	-	(69,667)	(4)	69,667	-
Additional paid-in capital	76,389,124	5,056,697	(1)	2,091,000	6,790,858
			(3)	76,734	
			(4)	(78,283,500)	
			(5)	(3,490)	
			(6)	1,464,343	
Accumulated deficit	(78,577,104)	(1,160,327)	(4)	78,211,469	(1,525,962)
Total stockholders' equity	(2,110,554)	3,853,430			5,298,873
Total Liabilities and stockholders' equity	$ 1,869,944	$ 6,683,952		$ 2,091,000	$ 10,644,896

Pro forma footnotes:

(1) To record goodwill for the difference between the fair value of consideration transferred and the fair value of assets acquired and liabilities assumed (which valuation and allocation is not final, is not based on any valuation and is subject to change).
(2) To convert all outstanding Series A and Series B preferred stock into shares of the Company's common stock on a one-for-one basis.
(3) To adjust common stock par value and the additional paid-in capital to reflect one-for-one hundred and twelve (1:112) reverse stock split.
(4) To record the issuance of 17,917,261 shares of the Company's common stock to existing holders of common stock of PEDCO.
(5) To record the issuance of 14,713,645 shares of the Company's Series A preferred stock to existing holders of Series A preferred stock of PEDCO.

(6) To record the conversion of $1.465 million of Blast related party secured debt converted into common stock of PEDCO.

PEDEVCO CORP.
(formerly Blast Energy Services, Inc.)
Pro forma Consolidated Statements of Operations
(Unaudited)

	Blast Energy Services, Inc. for Quarter Ended 3/31/2012	Pacific Energy Development Corporation for Quarter Ended 3/31/2012	Pro forma Adjustments	Pro forma Consolidated for Quarter Ended 3/31/2012
Revenues:	$ 118,214	$ -		$ 118,214
				-
Cost of revenues				
Services	-	-		-
Lease operating costs	67,353	-		67,353
Total cost of revenues	67,353	-		67,353
Operating expenses				-
Selling, general and administrative expense	190,981	438,746		629,727
Depreciation, depletion and amortization	36,124	-		36,124
Total operating expenses	227,105	438,746		665,851
Operating loss	(176,244)	(438,746)		(614,990)
Other income (expense):				
Interest expense	(189,391)	-		(189,391)
Equity in loss of equity method investment	-	(27,571)		(27,571)
Other income (expense)	-	-		-
Total other expense	(189,391)	(27,571)		(216,962)
				-
Loss from continuing operations	(365,635)	(466,317)		(831,952)
Net Loss	(365,635)	(466,317)		(831,952)
Preferred dividends	(59,836)	-		(59,836)
Net loss attributable to common shareholders	$ (425,471)	$ (466,317)		$ (891,788)
Net loss per common share - Basic :				
Continuing operations	$ (0.01)			$ (0.05)
Discontinued operations	(0.00)			-
Total	$ (0.01)			$ (0.05)

Net loss per common share - Diluted :						
Continuing operations	$	(0.01)			$	(0.05)
Discontinued operations		(0.00)				-
Total	$	(0.01)			$	(0.05)
Weighted average common shares outstanding - basic and diluted		71,425,905	(1)(2)	(52,163,325)		19,262,580

Pro forma footnotes:

(1) The weighted average common shares outstanding - basic and diluted is adjusted to reflect the following:
- The conversion of all outstanding Series A and Series B preferred stock into shares of the Company's common stock on a one-for-one basis;
- The one-for-one hundred and twelve (1:112) reverse stock split;
- The issuance of 17,917,261 shares of the Company's common stock to existing holders of common stock of PEDCO; and
- The conversion of $1.465 million of Blast related party secured debt converted into common stock of PEDCO.

(2) The weighted average common shares outstanding do not include the following potentially dilutive securities:
- The grant of warrants to purchase 1,120,000 of the Company's common stock to existing warrant holders of PEDCO;
- The grant of options to purchase 4,235,000 of the Company's common stock to existing option holders of PEDCO; and
- The issuance of 14,713,645 shares of the Company's Series A preferred stock to existing holders of Series A preferred stock of PEDCO.

PEDEVCO CORP.
(formerly Blast Energy Services, Inc.)
Pro forma Consolidated Statements of Operations
(Unaudited)

	Blast Energy Services, Inc. for Year Ended 12/31/2011	Pacific Energy Development Corporation for Year Ended 12/31/2011	Pro forma Adjustments	Pro forma Consolidated for Year Ended 12/31/2011
Revenues:	$ 446,526	$ -		$ 446,526
				-
Cost of revenues				
Services	8,069	-		8,069
Lease operating costs	270,746	-		270,746
Total cost of revenues	278,815	-		278,815
Operating expenses				-
Selling, general and administrative expense	1,469,061	648,125		2,117,186
Depreciation, depletion and amortization	147,591	-		147,591
Impairment loss	1,640,489	-		1,640,489
Total operating expenses	3,257,141	648,125		3,905,266
Operating loss	(3,089,430)	(648,125)		(3,737,555)
Other income (expense):				
Interest expense	(1,057,331)	(12,912)		(1,070,243)
Equity in loss of equity method investment	-	(25,875)		(25,875)
Other income (expense)	1,407	(7,098)		(5,691)
Total other expense	(1,055,924)	(45,885)		(1,101,809)
				-
Loss from continuing operations	(4,145,354)	(694,010)		(4,839,354)
Loss from discontinued operations	(3,686)	-		(3,686)
Net Loss	(4,149,040)	(694,010)		(4,843,050)
Preferred dividends	(240,000)	-		(240,000)
Net loss attributable to common shareholders	$ (4,389,040)	$ (694,010)		$ (5,083,050)

Net loss per common share - Basic :					
Continuing operations	$ (0.06)			$	(0.26)
Discontinued operations	(0.00)				-
Total	$ (0.06)			$	(0.26)
Net loss per common share - Diluted :					
Continuing operations	$ (0.06)			$	(0.26)
Discontinued operations	(0.00)				-
Total	$ (0.06)			$	(0.26)
Weighted average common shares outstanding - basic and diluted	71,059,786	(1)	(51,777,195)		19,282,591

Pro forma footnotes:

(1) The weighted average common shares outstanding - basic and diluted is adjusted to reflect the following:
- The conversion of all outstanding Series A and Series B preferred stock into shares of the Company's common stock on a one-for-one basis;
- The one-for-one hundred and twelve (1:112) reverse stock split;
- The issuance of 17,857,261 shares of the Company's common stock to existing holders of common stock of PEDCO; and
- The conversion of $1.465 million of Blast related party secured debt converted into common stock of PEDCO.

(2) The weighted average common shares outstanding do not include the following potentially dilutive securities:
- The grant of warrants to purchase 1,100,000 of the Company's common stock to existing warrant holders of PEDCO;
- The grant of options to purchase 895,000 of the Company's common stock to existing option holders of PEDCO; and
- The issuance of 11,984,208 shares of the Company's Series A preferred stock to existing holders of Series A preferred stock of PEDCO.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

The following questions and answers address briefly some questions you may have regarding the special meeting, the proposed merger and the proposed amended and restated certificate of formation and designations. These questions and answers may not address all questions that may be important to you as a shareholder of our company. Please refer to the more detailed information contained elsewhere in this proxy statement, including the appendices to this proxy statement.

Q: Why am I receiving this proxy statement and the proxy card?

A: You are being asked to approve the merger agreement between our company and MergerCo, on the one hand, and PEDCO, on the other hand, as well as the adoption of the 2012 Equity Incentive Plan. In connection with the transactions contemplated by the merger agreement, you are also being asked to approve the Proposals relating to our amended and restated certificate of formation and designations, which will effectuate a 1-for-112 reverse stock split (subject to adjustment as described below under "Adjustment of Reverse Stock Split Ratio"), a change in our name, an increase in the number of shares of authorized common and preferred stock, the immediate conversion of our outstanding Series A and B preferred stock into shares of common stock on a one-for-one basis, the creation of a new series of preferred stock, "Series A Preferred Stock," and certain other changes in our company's voting and amendment procedures. You have been sent this proxy statement and the enclosed proxy card because our board of directors is soliciting your proxy to vote at the special meeting of shareholders called for the purpose of voting on the foregoing matters.

Q: What is the proposed transaction?

A: The proposed transaction is the filing of the amended and restated certificate of formation and designations, followed by the merger of MergerCo into PEDCO. As a result of the merger, our company (through its ownership of MergerCo) will succeed to all of the rights, assets, and liabilities of PEDCO, and PEDCO will become our wholly-owned subsidiary.

Q: Why is our Board of Directors proposing the merger with PEDCO?

A: Over the past 12 months, we have pursued a variety of capital raising alternatives to supplement anticipated income from our oil and gas investments in order to meet our operational capital requirements and service our outstanding debt. In particular, due to the higher than expected drilling costs experienced by our operating partner in connection with the Guijarral Hills well, the lack of economic oil production in the first zones tested, and the need for additional capital for additional testing, we were unable to raise the funds necessary to proceed with the testing of our well at our Guijarral Hills site. Although we do currently have a working interest in a producing field located in Texas, the cash flow generated by the wells in this field has not been sufficient to satisfy our ongoing working capital and other financial commitments, including the need to service and repay approximately

$4.0 million of outstanding debt. Accordingly, we pursued a business combination transaction with an existing private enterprise operating in a similar line of business that was willing to acquire our oil and gas assets and assume our liabilities, in part so as to benefit from our status as a public company.

Given that the fact that PEDCO had been selling shares of its Series A preferred stock at $0.75 per share while the public market value of our shares was approximately $0.01 per share during the time period the merger was negotiated and agreed to (i.e., December 2011 through January 2012), we felt that the merger was an attractive alternative for our shareholders. We did not obtain a third-party fairness opinion for the merger due to the fact that our Board of Directors believed that the merger was fair to its shareholders based on the criteria below and because we did not have sufficient working capital to pay for the costs associated with a fairness opinion. In evaluating the merger transaction, some of the important factors in our decision included: (i) the assumption and extension of $1.33 million of our senior secured debt (to take effect upon consummation of the merger); (ii) the willingness of our creditors to convert $1.45 million of our outstanding secured debt plus interest into common stock at a price of $0.02 per share (prior to the reverse stock split), (iii) the willingness of our existing holders of preferred stock to convert 6,000,000 shares of our preferred stock, with cumulative dividend rights and preferential liquidation preferences, into our common stock on a one-for-one basis (instead of a 2.5-for-one basis as provided for currently); (iv) the willingness of our Series B preferred stock shareholder to convert its outstanding share of preferred stock, which included the right to approve certain fundamental company transactions, into one share of common stock upon consummation of the merger; and (v) the combination of our existing assets with PEDCO, a company that has agreed to manage our assets and assume our debts.

Q: Why is our Board of Directors proposing the changes contained in the amended and restated certificate of formation and designations?

A: The proposed changes to our certificate of formation and designations are necessary for us to comply with the terms of the merger agreement. If the Proposals relating to our amended and restated certificate of formation and designations, all of which are conditioned upon the approval of each of the other Proposals set forth herein (other than our 2012 Stock Incentive Plan, which is a standalone Proposal), are not approved, the amended and restated certificate of formation and designations will not be approved and the merger will not be completed. Similarly, since our certificate of formation and designations is being amended and restated to facilitate the merger, if the merger is not approved, we will not proceed with the amended and restated certificate of formation and designations.

Q: Are there any conditions to the completion of the merger?

A: Yes. The merger agreement specifies various important closing conditions, including, but not limited to (1) approval of the merger agreement by both our shareholders and PEDCO's shareholders, and (2) approval of the amended and restated certificate of formation by our shareholders, and (3) approval of the amended and restated certificate of designations by our shareholders. These are described in greater detail below under "Closing Conditions."

Q: What will happen if our shareholders approve the Proposals?

A: If our shareholders approve the transaction with PEDCO and the Proposals relating to the amended and restated certificate of formation and designations, then shortly following the special meeting, we will file the amended and restated certificate of formation and designations with the Secretary of State of the State of Texas to effectuate the reverse stock split, the name change, the increase in the number of authorized shares of common and preferred stock, the immediate conversion of our outstanding Series A and B preferred stock into shares of common stock on a one-for-one basis, the creation of our new Series A preferred stock, and certain other changes as described in greater detail in Proposals I through IX, below. Immediately thereafter, subject to the satisfaction of certain conditions set out in the merger agreement, we will file a certificate of merger with the Secretary of State of the State of Nevada and issue shares of our common stock and new Series A preferred stock to the shareholders of PEDCO in exchange for all of the outstanding shares of common stock and preferred stock of PEDCO, as a result of which PEDCO will become our wholly-owned subsidiary. Additionally, concurrently therewith or shortly thereafter, we anticipate our trading symbol on the Over-The-Counter Bulletin Board changing in connection with the name change affected pursuant to the merger. Finally, if approved the 2012 Equity Incentive Plan will provide for such rights as are described below under "Proposal XI – Approval of Adoption of the 2012 Equity Incentive Plan", below. While we will not move forward with the amended and restated certificate of formation or the transaction with PEDCO, unless each such Proposal set forth herein relating to such

transactions are approved by the shareholders, in the event the 2012 Equity Incentive Plan is approved by the shareholders, and regardless of whether or not the other Proposals set forth herein are approved, the 2012 Equity Incentive Plan will still become effective.

Q: What will happen if our shareholders do not approve the merger or the Proposals relating to our amended and restated certificate of formation?

A: If the merger or the Proposals relating to our amended and restated certificate of formation are not approved by our shareholders, the merger agreement will be terminated, and we will continue to seek additional capital and/or pursue a business combination transaction with an existing private business enterprise. If we do not consummate the merger, we also will not proceed with the amended and restated certificate of formation and designations, regardless of whether or not it has been approved by our shareholders. Any amounts owing to PEDCO, which as of the date of this proxy statement total $30,000 as an initial deposit for the merger agreement and approximately $460,000 of our operation costs and expenses related to the merger that were paid by PEDCO, must be repaid within ten days following the termination of the merger agreement. In addition, all amounts outstanding under our secured promissory notes with Centurion Credit Funding, LLC, which as of the date of this proxy statement totaled approximately $1.2 million (which were originally due February 2, 2012 but which Centurion Credit Funding, LLC, in order to accommodate this merger, agreed to extend the maturity of for approximately six months), must be repaid within 30 days following the termination of the merger agreement, or August 1, 2012 if the merger agreement is not closed by that time. We do not have sufficient cash available to repay these amounts. As such, we may be forced to curtail or abandon our operations, liquidate our assets, seek bankruptcy protection (if available) and/or be forced to cease filing reports with the SEC. In the event of the above, an investment in our company will likely decline in value or become worthless and shareholders of our company may lose their entire investment.

Q: How will my shares of stock be affected by the merger and the amended and restated certificate of formation and designations?

A: If the merger and the Proposals relating to our amended and restated certificate of formation and designations are approved, the amended and restated certificate of formation and designations will be filed and become effective immediately prior to the closing of the merger. When the amended and restated certificate of formation and designations become effective, all outstanding shares of our Series A and Series B preferred stock will automatically convert into shares of our common stock on a one-to-one basis, and our common stock (including common stock issued in connection with the preferred stock conversion) will undergo a 1-for-112 reverse stock split (subject to adjustment as described below under “Adjustment of Reverse Stock Split Ratio”). The reverse stock split will not affect any of our shareholder’s proportional equity interests in our company, nor will it change any of the rights of the existing holders of our common stock. Shareholders should recognize, however, that after the reverse stock split is effectuated, they will own fewer shares than they presently own (a number equal to the number of shares owned immediately prior to the reverse stock split divided by one-hundred and twelve (112)). Furthermore, upon filing of the amended and restated certificate of designations, the number of authorized shares of our

common stock available for issuance will be increased from 180,000,000 shares to 200,000,000 shares. The issuance of such shares would decrease our existing shareholders' percentage equity ownership and, depending on the price at which they are issued, could be dilutive to our existing shareholders.

Upon effectiveness, the amended and restated certificate of formation and designations will also result in an increase in the number of authorized shares of preferred stock from 20,000,000 to 100,000,000, the termination of our existing Series A and Series B preferred stock, and the creation of a new series of preferred stock called "Series A preferred stock." Future issuances of our preferred stock will decrease our existing shareholders' percentage equity ownership in our company and could be dilutive. Furthermore, the designation of the new Series A preferred stock will create a series of preferred stock with certain preferences and priorities over the holders of our common stock, including with respect to rights to dividends and distributions upon liquidation, and reduce the voting power of the current holders of our common stock, described in greater detail below under "Proposal V – Approval Of An Increase In Our Authorized Shares Of Common Stock From 180 Million Shares To 200 Million Shares And Preferred Stock From 20 Million Shares To 100 Million Shares" and "Proposal X – Approval Of The Amended And Restated Certificate Of Designations Of Our Series A Preferred Stock".

Q: How will my shares of stock be affected by the merger?

A: The shares of common stock held by our existing common shareholders will not be affected by the merger other than the dilutive effects of the issuance of additional shares of our company to the shareholders of PEDCO and the effects of the amended and restated certificate of formation and designations as previously described. Shares held by our existing preferred stockholders will be converted into shares of our common stock prior to the merger. If the proposed merger is completed, (1) each outstanding share of common stock of PEDCO will be exchanged for one share of our common stock, (2) each outstanding share of Series A preferred stock of PEDCO will be exchanged for one share of our new Series A preferred stock, and (3) each outstanding option or warrant to purchase shares of common stock or preferred stock of PEDCO will be exchanged for an option or warrant to purchase the same number of shares of our common stock or preferred stock, as applicable, on the same terms.

Q: Will I have dissenters' rights as a result of the merger or the amended and restated certificate of formation and designations?

A: No. Under Texas law, dissenters' rights only apply in limited circumstances or as otherwise provided in a corporation's governing documents. Since these circumstances are not applicable to the merger or the amended and restated certificate of formation and designations, no dissenters' rights are applicable to the currently contemplated transactions.

Q: What type of business will our company conduct after the merger?

A: After the merger, PEDCO will be our wholly-owned subsidiary. Blast currently intends to continue to operate its business with the new executives of PEDCO, but its business will also include the business of PEDCO. PEDCO is a privately-held development stage energy company formed to engage, acquire and develop strategic, high growth energy projects, including shale oil and gas, in the United States and Pacific Rim countries. PEDCO's portfolio includes (i) interests and operatorship of approximately 7,450 gross acres located in the Niobrara shale formation in Colorado, (ii) 50% ownership of an approximate 8% working interest in producing oil and gas leases covering 1,650 gross acres in the Leighton Eagle Ford shale formation in McMullen County, Texas, and (iii) a joint venture interest in a Rare Earth minerals manufacturing plant in China. PEDCO was founded in early 2011 by a group of former senior executives from Texaco, Inc. and CAMAC Energy Inc. (formerly Pacific Asia Petroleum, Inc.), and is led by its President and CEO, Frank C. Ingriselli. PEDCO is headquartered in Danville, California.

Q: What is the purpose of the Blast Energy 2012 Equity Incentive Plan?

A: Our board of directors adopted the 2012 Equity Incentive Plan (the "2012 Plan") because there are a limited number of shares available for grants of awards under our existing stock option plan, the 2009 Stock Incentive

Plan (the "Prior Plan"). Management believes that granting options is an important incentive tool for our company's directors and employees. As a result, our board adopted the 2012 Plan to continue to provide a means by which employees, directors and consultants of our company may be given an opportunity to benefit from increases in the value of our common stock, and to attract and retain the services of such persons. If the 2012 Plan is adopted, we will not grant any additional awards under the Prior Plan. The 2012 Plan is attached to this proxy statement as Appendix B.

Q: Where and when is the special meeting?

A: The special meeting of shareholders will be held on July 27, 2012, beginning at 9:00 a.m., local time at The Loev Law Firm, P.C., 6300 West Loop South, Suite 280, Bellaire, Texas 77401.

Q: Are all shareholders as of the record date entitled to vote at the special meeting?

A: Yes. All shareholders who own our common or preferred stock at the close of business on June 27, 2012, the record date for the special meeting, are entitled to receive notice of the special meeting and to vote the shares of our common and/or preferred stock that they hold on the record date at the special meeting, or at any adjournment or postponement of the special meeting.

Q: Are all shareholders as of the record date entitled to attend the special meeting?

A: Yes. All of our shareholders as of the record date, or their legally authorized proxies named in the proxy card, may attend the special meeting. Cameras, recording devices, and other electronic devices will not be permitted at the meeting. If your shares are held in the name of a broker, bank, or other nominee, you should bring a proxy or letter from the broker, bank, or other nominee confirming your beneficial ownership of the shares and authorizing you to vote such shares at the meeting.

Q: What vote of our shareholders is required to approve the merger agreement and the amended and restated certificate of formation and designations?

A: Approval of the merger agreement and each of the Proposals relating to our amended and restated certificate of formation and the amended and restated certificate of designations requires the approval of the holders, as of the record date of June 27, 2012, of two thirds of the outstanding shares of our common and preferred stock (voting as a single class on an as-converted to common stock basis), two thirds of the outstanding Series A preferred stock (voting separately as a class), and the affirmative vote from the holder of our one share of Series B preferred stock. Failure to vote or abstaining from voting will have the same effect as a vote against approval of the merger agreement, the amended and restated certificate of formation and the amended and restated certificate of designations. Blast Energy Services, Inc., as the sole shareholder of MergerCo, approved the merger and merger agreement on January 13, 2012.

Q: Does our board of directors unanimously recommend that our shareholders vote “FOR” the approval of the merger agreement, the Proposals relating to the amended and restated certificate of formation, and the amended and restated certificate of designations?

A: Yes. After careful consideration, our board of directors unanimously recommends that you vote “FOR” the approval of the merger agreement, “FOR” each of the Proposals relating to the approval of the amended and restated certificate of formation, and “FOR” the approval of the amended and restated certificate of designations.

Q: What do I need to do now if I hold my shares in my name?

A: We urge you to read this proxy statement carefully, including its appendices. You can then ensure that your shares are voted at the special meeting by completing, signing, dating, and returning the accompanying proxy card in the enclosed postage-paid envelope. Alternatively, you may vote your shares at the meeting via Internet, fax or phone as disclosed on the attached proxy card.

Q: If my shares are held in "street name" by my broker, bank, or other nominee, will that person vote my shares for me?

A: Your broker, bank, or other nominee will not vote your shares on your behalf unless you provide instructions on how to vote. You should follow the directions provided by your broker, bank, or other nominee regarding how to provide voting instructions. Without those instructions, your shares will not be voted, which will have the same effect as voting against approval of the merger agreement and the amended and restated certificate of formation and designations.

Q: How can I revoke or change my vote?

A: You have the right to change or revoke your proxy at any time before the vote is taken at the special meeting by: (1) attending the special meeting in person and voting; (2) submitting a later-dated proxy card; or (3) notifying us that you are revoking your proxy by delivering a later-dated written statement to that effect to us at Blast Energy Services, Inc., P.O. Box 710152, Houston, Texas 77271-0152, which must be received at least one day prior to the date of the meeting. Simply attending the special meeting, however, will not be sufficient to revoke your proxy. Furthermore, if you have instructed a broker, bank, or other nominee to vote your shares, these options for changing your vote do not apply, and instead you must follow the instructions received from your broker, bank, or other nominee to change your vote.

Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If your shares are registered differently and are in more than one account, you will receive more than one proxy card or, if your shares are held in street name, more than one vote instruction card from your broker, bank, or other nominee. Please sign, date, and return all of the proxy cards and vote instruction cards that you receive to ensure that all of your shares are voted.

Q: What happens if I sell my shares before the special meeting?

A: The record date for the special meeting is earlier than the date of the special meeting and is earlier than the date that the merger, if approved, will be completed. If you transfer your shares of stock after the record date but before the special meeting, you will retain your right to vote those shares.

Q: When do you expect the merger to be completed and the amended and restated certificate of formation and the amended and restated certificate of designations to become effective?

A: We are working toward completing the merger as quickly as possible, and we anticipate that the amended and restated certificate of formation and the amended and restated certificate of designations will become effective and the merger will be completed promptly after the special meeting, assuming satisfaction or waiver of all of the conditions to the merger that are specified in the merger agreement. Because the merger is subject to certain conditions, the exact timing of the completion of the merger and the likelihood of the consummation of the merger cannot be predicted with certainty. If any of the conditions in the merger agreement are not satisfied or waived, the merger agreement will terminate. In addition, if the merger is not completed by August 1, 2012, various outstanding voting agreements, debt conversion agreements, and amended debt agreements will expire. See Risk Factors: “Risks Related to Blast and Its Business,” and “Risks Associated with the Merger.”

Q: Who will bear the cost of this proxy solicitation?

A: The expenses of preparing, printing, and mailing this proxy statement and the proxies solicited by this proxy statement will be borne by us. Upon request, we will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable expenses for forwarding material to the beneficial owners of shares held of record by others.

Q: Who can help answer my other questions?

A: If you have more questions about the merger, need assistance in submitting your proxy or voting your shares, or need additional copies of the proxy statement or the enclosed proxy card, you can call John MacDonald, our Chief Financial Officer, at (281) 453-2888 or follow the directions at www.iproxydirect.com/BESV. If your broker, bank, or other nominee holds your shares, you should call that person for additional information.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We caution you that this proxy statement contains forward-looking statements regarding, among other things, the proposed merger and the anticipated consequences and benefits of such transaction, and other financial, business, and operational items relating to the parties to the merger agreement.

Forward-looking statements involve known and unknown risks, assumptions, uncertainties, and other factors. Statements made in the future tense, and statements using words such as “may,” “can,” “will,” “could,” “should,” “predict,” “aim’” “potential,” “continue,” “opportunity,” “intend,” “goal,” “estimate,” “expect,” “expectations,” “project,” “pro “anticipates,” “believe,” “think,” “confident” “scheduled” or similar expressions are intended to identify forward-looking statements. Forward-looking statements are not a guarantee of performance and are subject to a number of risks and uncertainties, many of which are difficult to predict and are beyond our control. These risks and uncertainties could cause actual results to differ materially from those expressed in or implied by the forward-looking statements, and therefore should be carefully considered. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement. We disclaim any obligation to update any of these forward-looking statements as a result of new information, future events, or otherwise, except as expressly required by law.

You should review the section of this proxy statement entitled “Risk Factors” for a discussion of the factors that could cause actual results to differ materially from those discussed in the forward-looking statements.

RISK FACTORS

In addition to the other information included in this proxy statement, including the matters addressed in the section entitled “Cautionary Statement Regarding Forward-Looking Information,” you should carefully consider the following risks before deciding whether to vote for the Proposal to approve the merger, the Proposals to approve and adopt the amended and restated certificate of formation and the amended and restated certificate of designations and the Proposal to approve the 2012 Equity Incentive Plan. In addition, you should read and consider the risks associated with each of the businesses of Blast and PEDCO because these risks will also affect the combined company following the merger. You should also read and consider the other information in this proxy statement.

RISKS ASSOCIATED WITH THE MERGER

If the merger is not completed, we may be forced to discontinue our operations.

The merger is subject to a number of conditions that are outside of our control. We cannot assure you that these conditions will be satisfied or waived. Any amounts owing to PEDCO, which as of the date of this proxy statement totaled approximately $490,000, must be repaid within ten days following the termination of the merger agreement. In addition, all amounts outstanding under our secured promissory notes with Centurion Credit Funding, LLC, which as of the day of this proxy statement total approximately $1.2 million, must be repaid on August 1, 2012. Accordingly, if the merger is terminated, we will need to identify and consummate another strategic transaction or financing opportunity. Failure to do so in a timely manner would likely cause us to discontinue our operations.

If the costs associated with the merger exceed the benefits, the post-merger company may experience adverse financial results, including increased losses.

Our company and PEDCO will incur significant transaction costs as a result of the merger, including legal and accounting fees. Actual transaction costs may substantially exceed our current estimates and may adversely affect the

post-merger company’s financial condition and operating results. If the benefits of the merger do not exceed the costs associated with the merger, the post-merger company’s financial results could be adversely affected, resulting in, among other things, increased losses.

Consummation of the merger will result in significant dilution to our existing shareholders.

Upon consummation of the merger, our existing shareholders will hold, in total, only approximately 5% of the total