

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
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))
 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.
 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.

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- (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.

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- (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.

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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.

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(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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