

BLAST ENERGY SERVICES, INC.
Form PRE 14A
October 22, 2010

SCHEDULE 14A INFORMATION

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 Material under Rule 14a-12

BLAST ENERGY SERVICES, INC.
(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

14550 Torrey Chase Blvd., Suite 330
Houston, Texas 77014

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 20, 2010

TO OUR SHAREHOLDERS:

Notice is hereby given that the 2010 Annual Meeting of Shareholders of Blast Energy Services, Inc. (“Blast” or the “Company”) will be held at the Company’s principal office location, 14550 Torrey Chase Blvd., Suite 330, Houston, Texas 77014, on Monday, December 20, 2010 at 10:00 a.m., local time (the “Meeting”), for the purposes set forth in this Notice.

The Meeting is for the purpose of considering and voting upon the following proposals:

1. The election of two (2) directors to our Board of Directors (the “Board”), each to serve a term of one year and until their respective successors have been elected and qualified, or until their earlier resignation or removal;
2. The ratification of GBH CPAs, PC, as the Company’s independent auditors, for the fiscal year ended December 31, 2010; and
3. To transact such other business as may properly come before the Meeting.

Any action may be taken on any one of the foregoing proposals at the Meeting on the date specified above or on any date or dates to which the Meeting may be adjourned. Only shareholders of record as of the close of business on October ___, 2010 (the “Record Date”) are entitled to notice of and to vote at the Meeting in person or by proxy. However, our stock transfer books will remain open subsequent to the record date. On the following pages is a Proxy Statement to which your attention is invited.

This year, instead of mailing a printed copy of our proxy materials (including our annual report) to each stockholder of record, we have decided to provide access to these materials via the Internet. This delivery method reduces the amount of paper necessary to produce these materials, as well as the costs associated with printing and mailing these materials to all stockholders. Accordingly, on November ___, 2010, we will begin mailing a Notice of Internet Availability of Proxy Materials (the “Notice”) to all stockholders of record as of October ___, 2010, and will also post our proxy materials on our website as described in the Notice. As explained in greater detail in the Notice, all stockholders may access our proxy materials on our website or at www.iproxydirect.com/BESV, or may request a printed set of our proxy materials. In addition, the Notice and website provide information on how to request to receive all future proxy materials in printed form or electronically.

By Order of the Board of Directors

/s/ John A. MacDonald

John A. MacDonald
Secretary

Houston, Texas
October __, 2010

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. EVEN IF YOU PLAN TO BE PRESENT, YOU ARE URGED TO PROMPTLY COMPLETE, SIGN, AND SUBMIT ELECTRONICALLY THE ENCLOSED PROXY. IF YOU ATTEND THE MEETING, YOU MAY VOTE EITHER IN PERSON OR BY PROXY. YOUR PROXY MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO EXERCISE.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on December 20, 2010. Our Proxy Statement and Annual Report to Shareholders are available at www.iproxydirect.com/BESV.

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PROXY STATEMENT

ANNUAL MEETING OF BLAST SHAREHOLDERS
TO BE HELD ON DECEMBER 20, 2010

INTRODUCTORY STATEMENT

This Proxy Statement and accompanying Proxy Card are furnished in connection with a solicitation of Proxies by the Board Directors of Blast Energy Services, Inc. (the “Company” or “Blast”) for use at the 2010 Annual Meeting of Shareholders of the Company (the “Meeting”), to be held at:

Blast Energy Services, Inc.
14550 Torrey Chase Blvd., Suite 330
Houston, Texas 77014
December 20, 2010, at 10:00 a.m., local time,

for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders.

Shareholders of record at the close of business on October __, 2010 (the “Record Date”) will be entitled to receive notice of and to vote at the meeting. Each share of common stock and each share of Series A Convertible Preferred Stock outstanding as of the record date are entitled to one vote for each matter submitted to a vote at the Meeting. Shares represented by executed and unrevoked Proxies will be voted in accordance with the specifications made thereon. If the enclosed form of Proxy is executed and returned, it nevertheless may be revoked by giving another Proxy or by letter or fax directed to the Company. Any such revocation must show the shareholder's name and must be received prior to the commencement of the Meeting in order to be effective. Additionally, any shareholder attending the meeting in person, who wishes to do so, may vote by ballot at the meeting, thereby canceling any Proxy previously given.

This year, instead of mailing a printed copy of our proxy materials (including our annual report) to each stockholder of record, we have decided to provide access to these materials via the Internet. This delivery method reduces the amount of paper necessary to produce these materials, as well as the costs associated with printing and mailing these materials to all stockholders. Accordingly, on November __, 2010, we will begin mailing a Notice of Internet Availability of Proxy Materials (the “Notice”) to all stockholders of record as of October __, 2010, and will also post our proxy materials on our website as described in the Notice. As explained in greater detail in the Notice, all stockholders may access our proxy materials on our website or at www.iproxydirect.com/BESV, or may request a printed set of our proxy materials.

Shareholder of Record: Shares Registered in Your Name

If on the Record Date your shares were registered in your name with the Company’s transfer agent, then you are a shareholder of record. As such, you may vote in person at the meeting or by proxy. Whether or not you plan to attend the meeting, you are encouraged to submit electronically the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on the Record Date your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials (or the notification of the internet availability of such materials) are required to be forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the shareholder of record,

you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

Multiple Shareholders Sharing the Same Address

The Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries e.g., brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process potentially means extra convenience for shareholders and cost savings for companies. Shareholders sharing a same address may either contact the Company, or contact their broker, as applicable to request single or multiple proxy statement and annual report delivery, as desired.

Cost of Proxy Solicitation

The cost of solicitation may be borne by Blast. We may reimburse brokerage firms and other custodians, nominees, and fiduciaries for reasonable expenses incurred by them in sending proxy material to the beneficial owners of common stock. In addition to solicitation by mail, our directors and officers may solicit Proxies personally, without additional compensation.

VOTING AND RELATED MATTERS

Quorum Requirement

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shares representing a majority of the voting power of the outstanding shares are represented by shareholders present at the meeting or by proxy. On the Record Date, there were _____ shares of common stock and 6,000,000 shares of Series A Convertible Preferred Stock outstanding, and as such, there were _____ shares entitled to vote. Your shares will be counted towards the quorum only if a valid proxy is submitted, you are present at the meeting or you vote your shares at the meeting or pursuant to the internet voting instructions provided below. Abstentions and broker non-votes will be counted in determining a quorum.

Proposal Approval Requirements

For each of the above matters, shareholders may vote "For", "Against" or "Abstain". Directors must be elected by an affirmative vote of a plurality of the shares present and entitled to vote at the meeting. Each other Proposal must be approved by an affirmative vote of a majority of the shares present and entitled to vote at the meeting.

Vote Counting

Votes will be counted by the inspector appointed for the Meeting and the Company's internet voting election inspector Issuer Direct, who will separately count "For", "Against", abstentions and broker non-votes. Abstentions and non-votes will not be counted in favor of any Proposal.

Voting Results

Preliminary voting results will be announced at the Meeting. Final voting results will be reported by the Company in a Form 8-K filing, filed with the SEC within four business days of the Meeting date.

ACTION TO BE TAKEN UNDER PROXIES

Proxies in the accompanying form that are properly executed and returned will be voted at the Meeting in accordance with the instructions thereon. Any proxy upon which no instructions have been indicated by the shareholder with respect to a specific matter will be voted as follows with respect to such matter: (1) "FOR" the election of the slate of two persons named as management's nominees for election to our Board of Directors (the "Board"); (2) "FOR" the ratification of the appointment of GBH CPAs, PC as the Independent Public Accountant for the fiscal year ended December 31, 2010; and (3) "FOR" the transaction of any other business to come before the Meeting, in the discretion of the holders of such proxies.

SHAREHOLDER PROPOSALS

In accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, a shareholder may require that certain proposals suggested by shareholders be voted on at a shareholders meeting. Information concerning such proposals must be submitted to us for inclusion in our proxy statement. Such proposals for inclusion in our proxy materials relating to our Annual Meeting planned for 2011 must be received by us not later than January 31, 2011.

OTHER BUSINESS

As of the date of this Proxy Statement, we have no knowledge of any business, other than previously described herein, which should be presented for consideration at the Meeting. In the event that any other business is presented at the Meeting, we intend that the persons named in the enclosed Proxy will have authority to vote such Proxy in accordance with their best judgment on such business.

NOTICE TO BANKS, BROKERS/DEALERS, VOTING TRUSTEES, AND THEIR NOMINEES

Please advise us, in care of our corporate address, whether any other persons are the beneficial owners of the shares of common stock for which proxies are being solicited from you, and, if so, the number of copies of the Proxy Statement, and other soliciting materials, you wish to receive in order to supply copies to the beneficial owners of shares.

NOTICE OF INTERNET AVAILABILITY OF INFORMATION STATEMENT MATERIALS

Internet Availability of Proxy Statement Materials and Annual Report

Pursuant to the rules adopted by the Securities and Exchange Commission, which is referred herein as the "SEC" the Company is required to provide access to our Proxy Statement and Form 10-K Annual Report (the "Proxy Statement Materials") via the Internet. Accordingly, we are furnishing Proxy Statement Materials to our stockholders primarily via the Internet, rather than mailing printed copies of these materials to each stockholder. The Company believes that this new process should expedite stockholders' receipt of materials, lower the costs incurred by the Company for the Meeting and help to conserve natural resources.

On or about November ___, 2010 (which date is at least forty (40) days prior to the Meeting), we will mail to our stockholders a Notice of Internet Availability of Proxy Statement Materials (the "Notice"), in the form of a mailing titled "Important Notice Regarding the Availability of Proxy Statement Materials for the Shareholder Meeting To Be Held on December 20, 2010", which contains instructions on how to access and review the Proxy Statement Materials, including this Proxy Statement and our Annual Report on Form 10-K, on a website referred to in such notice (and provided below). The Notice also contains instructions on how to receive a paper copy of the Proxy Statement Materials and how to instruct us to send future information and proxy Statement materials to stockholders electronically by email. Any stockholder's election to receive the information statement or proxy materials by email will remain in effect until such stockholder terminates the request. If you receive a Notice of Internet Availability of Proxy Statement Materials by mail, you will not receive a printed copy of the Proxy Statement Materials unless you request one. If you received a Notice of Internet Availability of Proxy Statement Materials by mail and would like to receive a printed copy of our Proxy Statement Materials, currently or on an ongoing basis, please follow the instructions included in the Notice of Internet Availability of Proxy Statement Materials, which are also provided below.

This Proxy Statement will be available at www.iproxydirect.com/BESV on or about November ___, 2010, to all stockholders entitled to vote at the Meeting. A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 will be made available at www.iproxydirect.com/BESV concurrently with these Proxy Statement Materials.

Only one Notice is being delivered to two or more stockholders who share an address unless the Company receives contrary instructions from one or more of the stockholders. The Company will promptly deliver upon written or oral request a separate copy of the Notice, this Proxy Statement or the Annual Report, to a stockholder at a shared address to which a single copy of the document was delivered. If you would like to request additional copies of the Notice, this Proxy Statement or the Annual Report, or if in the future you would like to receive separate copies of information

or proxy statements, annual reports, or notices of internet availability, or, if you are currently receiving multiple copies of these documents and would, in the future, like to receive only a single copy, please so instruct us by telephoning (XXX) XXX_XXXX, by writing the Company's Secretary, John MacDonald, at 14550 Torrey Chase Boulevard, Suite 330, Houston, Texas 77014, or by e-mail at jmacdonald@blast-es.com.

Internet Voting:

You can vote for the proposals set forth herein on the Internet prior to the Meeting.

INSTRUCTIONS:

Read the accompanying Proxy Statement.

Go to the following website:

<http://www.iproxydirect.com/BESV>

Have your Notice in hand and follow the instructions therein and/or at the website above. You can also register to receive all future shareholder communications electronically, instead of in print. This means that the annual report, Proxy Statement, and other correspondence will be delivered to you electronically via e-mail in the future.

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PROPOSAL ONE

ELECTION OF DIRECTORS

Our bylaws currently have set a minimum number of Board of Directors of one director and a maximum of ten. We propose two nominees for director this year – both of whom are currently serving as directors of the Company. Each director to be elected will hold office until the next annual meeting of shareholders and until his successor is elected, or until the director's death, resignation or removal. The Company's Nominating and Corporate Governance Committee has reviewed the qualifications of the director nominees and has recommended each of the nominees for election to the Board.

Nominees for the Board of Directors:

Roger P. (Pat) Herbert, age 63, has served as a Blast director since June 2005 and currently serves as Chairman of the Board. He has worked in the energy services business for nearly 30 years. He is currently serving as a director and CEO for JDR Cable Systems (Holdings) Ltd – a position he has held since 2002. Prior to that, he served as COO of Petris Technology for a year and before that he was the Chairman & CEO of GeoNet Energy Services, a company he founded in 2000. Prior to 2000 Mr. Herbert had worked with International Energy Services, Baker Hughes Incorporated (NYSE:BHI) and Smith International, Inc. (NYSE:SII). Mr. Herbert received his MBA. from Pepperdine University, his BSE. from California State University-Northridge and is a registered professional engineer in the State of Texas.

Director Qualifications:

Mr. Herbert has an extensive background in the oil field service industry and in managing successful business ventures. We believe the insights he has gained from these experiences in businesses similar to Blast's qualifies him to serve as a director for the Company.

Michael L. Peterson, age 48, joined the board as a director in May 2008 and as interim President and CEO of Blast since June 2009. He is currently Chairman and CEO of Solargen Energy Inc, a developer of large thin-film solar farms, and managing partner of California-based, Pascal Management, a registered Investment Advisor. In 2005, he co-founded and became a managing partner of American International Partners, a venture investment fund based in Salt Lake City. Prior to that time, he served for four years as a First Vice President at Merrill Lynch. For a majority of his career, he was employed by Goldman Sachs & Co. as a Vice President with the responsibility for a team of professionals that advised and managed over \$7 billion in assets. Mr. Peterson received his MBA at the Marriott School of Management and a BS from Brigham Young University. He is also a director of AE Biofuels, Inc. (OTCBB: AEBF) a company controlled by Eric McAfee, a significant shareholder of the Company.

Director Qualifications:

Mr. Peterson has an extensive background in managing investments, raising capital and focusing on issues relating to shareholder value. We believe the insights he has gained from these experiences are ones that will benefit Blast's future plans and qualifies him to serve as a director for the Company.

Family Relationships

There are no family relationships among our directors.

Involvement in Certain Legal Proceedings

None of our director nominees have been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses');
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
4. being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Board Leadership Structure

The roles of Chairman and Chief Executive Officer of the Company are currently held separately. Mr. Herbert serves as Chairman and Mr. Peterson serves as Chief Executive Officer. The Board of Directors does not have a policy as to whether the Chairman should be an independent director, an affiliated director, or a member of management. Our Board believes that the Company's current leadership structure is appropriate because it effectively allocates authority, responsibility, and oversight between management (the Company's Chief Executive Officer, Mr. Peterson) and the independent members of our Board (currently solely Mr. Herbert as Chairman). It does this by giving primary responsibility for the operational leadership and strategic direction of the Company to our Chief Executive Officer, while enabling our independent director to facilitate our Board's independent oversight of management, promote communication between management and our Board, and support our Board's consideration of key governance matters. The Board believes that its programs for overseeing risk, as described below, would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of structure.

Risk Oversight

The Board of Directors exercises direct oversight of strategic risks to the Company. The Audit Committee reviews and assesses the Company's processes to manage business and financial risk and financial reporting risk. It also reviews the Company's policies for risk assessment and assesses steps management has taken to control significant risks. The Compensation Committee oversees risks relating compensation programs and policies. In each case management periodically reports to our Board or relevant committee, which provides guidance on risk assessment and mitigation.

Recommendation and Vote

Each nominee must be approved by a plurality of the votes cast at the Meeting. It is the intention of the persons named in the accompanying form of Proxy to vote such Proxy "FOR" the election of each person listed above, unless shareholders specifically indicate in their Proxies that they desire to withhold from voting for the election of such certain directors to office. Our Board does not contemplate that any nominee will be unable to serve as a director for any reason, but if that should occur prior to the meeting, the Board reserves the right to substitute another person(s) of

their choice as nominee(s). A vote to “withhold authority” for a particular nominee shall have no legal effect. Our management recommends that shareholders vote “FOR” the election of the nominees.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE ELECTION OF
THE DIRECTOR NOMINEES LISTED ABOVE.

PROPOSAL TWO

RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT PUBLIC ACCOUNTANT

The Audit Committee and the Board have appointed and request you to vote "FOR" the ratification of the appointment by the Board of GBH CPAs, PC as the Independent Public Accountant for the Company for the fiscal year ended December 31, 2010.

Representatives from GBH CPAs, PC are not required to be present at the shareholders meeting, and although they have been invited and are encouraged to attend, the Company does not anticipate a representative from GBH CPAs, PC to be present at the Meeting. In the event a representative from GBH CPAs, PC is present at the Meeting, such representative will have an opportunity to make statements if he or she desires to do so and will be afforded an opportunity to respond to any appropriate questions from shareholders attending the Meeting.

We do not anticipate having, nor have we had during the two most recent fiscal years or any subsequent interim period any disagreements with accountants on matters of accounting, financial disclosure, matters of accounting principles or practices, or auditing scope or procedure; nor has any independent public accountant, currently or in past recent years, resigned or declined to stand for re-election.

The financial statements audited by the independent public accountant for the past two years do not contain an adverse opinion or disclaimer of opinion and they were not modified as to uncertainty, audit scope or accounting principles.

Changes In and Disagreements With Accountants On Accounting And Financial Disclosure

Effective February 27, 2008, the client auditor relationship between Blast and Malone & Bailey, PC ("Malone") was terminated as Malone was dismissed by the Company. Effective February 27, 2008, the Company engaged GBH CPAs, PC, Certified Public Accountants ("GBH") as its principal independent public accountant for the fiscal year ended December 31, 2007. The decision to change accountants was recommended, approved and ratified by the Company's Board of Directors effective February 27, 2008.

Malone's report on the financial statements of the Company for the fiscal years ended December 31, 2005 and December 31, 2006, and any later interim period, including the interim period up to and including the date the relationship with Malone ceased, did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles except for concerns about the Company's ability to continue as a going concern.

In connection with the audit of the Company's fiscal years ended December 31, 2005 and December 31, 2006, and any later interim period, including the interim period up to and including the date the relationship with Malone ceased, there were no disagreements between Malone and the Company on a matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Malone would have caused Malone to make reference to the subject matter of the disagreement in connection with its report on the Company's financial statements.

There were no reportable events as provided in Item 304(a)(v) of Regulation S-K during the Company's fiscal years ended December 31, 2005 and December 31, 2006, and any later interim period, including the interim period up to and including the date the relationship with Malone ceased.

The Company authorized Malone to respond fully to any inquiries of any new auditors hired by the Company relating to their engagement as the Company's independent accountant. The Company requested that Malone review the

disclosure and Malone has been given an opportunity to furnish the Company with a letter addressed to the Commission containing any new information, clarification of the Company's expression of its views, or the respect in which it does not agree with the statements made by the Company. Such letter is incorporated by reference as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2009.

The Company did not previously consult with GBH regarding either (i) the application of accounting principles to a specific completed or contemplated transaction; (ii) the type of audit opinion that might be rendered on the Company's financial statements; or (iii) a reportable event (as provided in Item 304(a)(v)(B) of Regulation S-K) during the Company's fiscal years ended December 31, 2005 and December 31, 2006, and any later interim period, including the interim period up to and including the date the relationship with Malone ceased.

Independent Public Accountant Fees and Services

The following table presents fees for professional audit services performed by GBH CPAs, PC for the audit of our annual financial statements for the fiscal years ended December 31, 2009 and 2008 and fees billed for other services rendered by it during those periods.

	2009	2008
G B H		
CPAs, PC:		
Audit fees	\$58,750	\$
		55,000
O t h e r	\$ -	\$ -
non-audit		
fees		
Tax related	\$ -	\$ -
fees		
Total	\$58,750	\$
		55,000

Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Blast's consolidated financial statements and are not reported under Audit fees.

Audit Committee: The registrant's Audit Committee, or officers performing such functions, has approved the independent public accountant's performance of services for the audit and review of financial statements or services normally provided by the accountant in connection with statutory and regulatory filings or engagements for the fiscal year ending December 31, 2009.

Recommendation and Vote

Approval of the above proposal requires an affirmative vote of a majority of the shares present and entitled to vote at the Meeting. It is the intention of the persons named in the accompanying form of Proxy to vote such Proxy "FOR" ratification of GBH CPAs, PC being appointed as the Independent Public Accountant for the Company's fiscal year ended December 31, 2010, unless shareholders specifically indicate in their Proxies that they desire to vote against the proposal or abstain from voting. Our Management recommends that shareholders vote "FOR" this proposal.

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF GBH CPAS, PC, AS THE COMPANY'S INDEPENDENT AUDITOR FOR THE FISCAL YEAR ENDING DECEMBER 31, 2010

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of November __, 2010, the Record Date, the number and percentage of outstanding shares of our common stock and Series A Convertible Preferred Stock owned by: (a) each person who is known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock; (b) each of our directors; (c) the named executive officers as defined in Item 402 of Regulation S-K; and (d) all current directors and executive officers, as a group. As of November __, 2010, there were _____ shares of common stock issued and outstanding, which number does not include 6,000,000 shares of Series A Convertible Preferred Stock, and as such, there were _____ shares entitled to vote as of the record date.

Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act. Under this rule, certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire shares (for example, upon exercise of an option or warrant) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares is deemed to include the amount of shares beneficially owned by such person by reason of such acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the following table does not necessarily reflect the person's actual voting power at any particular date.

To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

Name and Address of Beneficial Owner ¹	Number of Beneficial Shares Owned	Shares Able to be Voted as of Record Date	Percentage of Shares Able to be Voted
Beneficial Owners of more than 5%			
Laurus Master Fund Ltd. 335 Madison Ave. New York, New York 10017	7,645,089(2)	0	-
Berg McAfee Companies LLC(3) 10600 N. De Anza Blvd., #250 Cupertino, California 95014	8,733,436(4)	8,733,436	
McAfee Capital LLC(5) 10600 N. De Anza Blvd., #250 Cupertino, California 95014	6,080,000(6)	5,080,000	
Eric A. McAfee	16,026,534(7)	15,026,534	

10600 N. De Anza Blvd.,
 #250
 Cupertino,
 California 95014

Clyde Berg	15,188,436(8)	14,188,436
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10600 N. De Anza Blvd.,
 #250
 Cupertino,
 California 95014

Officers and Directors:		
John MacDonald, CFO	543,450(9)	193,450
Roger P. (Pat) Herbert, Chairman	638,167(10)	472,500
Michael L. Peterson, CEO, President and Director	941,667(11)	800,000
All directors and executive officers as a group (3 persons)	2,123,284(12)	1,465,950

* Less than 1%.

- (1) Unless otherwise indicated, the mailing address of the beneficial owner is c/o Blast Energy Services, Inc., 14550 Torrey Chase Blvd., Suite 330, Texas 77014.
- (2) Consisting of (i) 6,090,000 shares of common stock underlying warrants exercisable at \$1.44 per share and (ii) 1,555,089 shares of common stock underlying warrants exercisable at a price of \$0.01 per share. Under the terms of the warrants, Laurus is prohibited from exercising the warrants in an amount which would cause it and its affiliates to beneficially own more than 4.99% of the common stock of Blast.
- (3) Berg McAfee Companies is controlled by Clyde Berg and Eric McAfee.
- (4) Consisting of 8,733,436 shares of common stock held by Berg McAfee Companies LLC.
- (5) McAfee Capital is controlled by Eric McAfee. Eric McAfee is the Company's former Vice-Chairman.
- (6) Consisting of (i) 2,080,000 shares of common stock held, (ii) 3,000,000 shares of common stock issuable upon conversion of Convertible Preferred Stock at \$.50 per share and (iii) 1,000,000 shares of common stock underlying warrants exercisable at \$0.10 per share.
- (7) Consisting of: (i) 1,213,098 shares of common stock held personally, including 90,000 shares held by members of Mr. McAfee's household, which Mr. McAfee is deemed to beneficially own; (ii) 8,733,436 shares of common stock held by Berg McAfee Companies LLC, which Mr. McAfee