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TIDEWATER INC
Form SC 13G/A
January 30, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No: 6)

TIDEWATER INC.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

886423102

(CUSIP Number)

December 31, 2013

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 886423102

(1) Names of reporting persons. BlackRock, Inc.

(2) Check the appropriate box if a member of a group
(a)

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(b) [X]

(3) SEC use only

(4) Citizenship or place of organization

Delaware

Number of shares beneficially owned by each reporting person with:

(5) Sole voting power

2845613

(6) Shared voting power

None

(7) Sole dispositive power

3128217

(8) Shared dispositive power

None

(9) Aggregate amount beneficially owned by each reporting person

3128217

(10) Check if the aggregate amount in Row (9) excludes certain shares

(11) Percent of class represented by amount in Row 9

6.3%

(12) Type of reporting person

HC

Item 1.

Item 1(a) Name of issuer:

TIDEWATER INC.

Item 1(b) Address of issuer's principal executive offices:

601 Poydras Street Suite 1900
New Orleans LA 70130

Item 2.

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2(a) Name of person filing:

BlackRock, Inc.

2(b) Address or principal business office or, if none, residence:

BlackRock Inc.
40 East 52nd Street
New York, NY 10022

2(c) Citizenship:

See Item 4 of Cover Page

2(d) Title of class of securities:

Common Stock

2(e) CUSIP No.:

See Cover Page

Item 3.

If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- Broker or dealer registered under Section 15 of the Act;
- Bank as defined in Section 3(a)(6) of the Act;
- Insurance company as defined in Section 3(a)(19) of the Act;
- Investment company registered under Section 8 of the Investment Company Act of 1940;
- An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940;
- A non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J);
- Group, in accordance with Rule 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

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Amount beneficially owned:

3128217

Percent of class

6.3%

Number of shares as to which such person has:

Sole power to vote or to direct the vote

2845613

Shared power to vote or to direct the vote

None

Sole power to dispose or to direct the disposition of

3128217

Shared power to dispose or to direct the disposition of

None

Item 5.

Ownership of 5 Percent or Less of a Class. If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following [].

Item 6. Ownership of More than 5 Percent on Behalf of Another Person

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than 5 percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock of

TIDEWATER INC..

No one person's interest in the common stock of

TIDEWATER INC.

is more than five percent of the total outstanding common shares.

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Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

See Exhibit A

Item 8. Identification and Classification of Members of the Group

If a group has filed this schedule pursuant to Rule 13d-1(b) (ii) (J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

Item 9. Notice of Dissolution of Group

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity.

See Item 5.

Item 10. Certifications

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 17, 2014
BlackRock, Inc.

Signature: Matthew J. Fitzgerald

Name/Title Attorney-In-Fact

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized

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representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A

Subsidiary

BlackRock Advisors (UK) Limited
BlackRock Advisors, LLC
BlackRock Asset Management Canada Limited
BlackRock Asset Management North Asia Limited
BlackRock Financial Management, Inc.
BlackRock Fund Advisors
BlackRock Fund Management Ireland Limited
BlackRock Institutional Trust Company, N.A.
BlackRock International Limited
BlackRock Investment Management (Australia) Limited
BlackRock Investment Management (UK) Ltd
BlackRock Investment Management, LLC

*Entity beneficially owns 5% or greater of the outstanding shares of the security class being reported on this Schedule 13G.
Exhibit B

POWER OF ATTORNEY

The undersigned, BLACKROCK, INC., a corporation duly organized under the laws of the State of Delaware, United States (the "Company"), does hereby make, constitute and appoint each of Matthew Mallow, Howard Surloff, Edward Baer, Bartholomew Battista, Dan Waltcher, Karen Clark, Daniel Ronnen, John Stelley, Brian Kindelan, John Blevins, Richard Froio, Matthew Fitzgerald and Con Tzatzakis acting severally, as its true and lawful attorneys-in-fact, for the purpose of, from time to time, executing in its name and on its behalf, whether the Company is acting individually or as representative of others, any and all documents, certificates, instruments, statements, other filings and amendments to the foregoing (collectively, "documents") determined by such person to be necessary or appropriate to comply with ownership or control-person reporting requirements imposed by any United States or non-United States governmental or regulatory authority, including without limitation Forms 3, 4, 5, 13D, 13F, 13G and 13H and any amendments to any of the foregoing as may be required to be filed with the Securities and Exchange Commission, and delivering, furnishing or filing any such documents with the appropriate governmental, regulatory authority or other person, and giving and

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granting to each such attorney-in-fact power and authority to act in the premises as fully and to all intents and purposes as the Company might or could do if personally present by one of its authorized signatories, hereby ratifying and confirming all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. Any such determination by an attorney-in-fact named herein shall be conclusively evidenced by such person's execution, delivery, furnishing or filing of the applicable document.

This power of attorney shall expressly revoke the power of attorney dated 30th day of November, 2011 in respect of the subject matter hereof, shall be valid from the date hereof and shall remain in full force and effect until either revoked in writing by the Company, or, in respect of any attorney-in-fact named herein, until such person ceases to be an employee of the Company or one of its affiliates.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 10th day of July, 2012.

BLACKROCK, INC.

By: /s/ Chris Leavy
 Name: Chris Leavy
 Title: Chief Investment Officer

7pt; MARGIN-RIGHT: 0pt" align="left">(Gain) Loss on disposal of equipment 1,315 -

Total operating expenses		537,306	270,017
Operating Loss		(430,779)	(270,017)
Other income (expense):			
Interest income			- 17
Interest expense		(113,775)	(23,225)
Total other income (expense)		(113,775)	(23,208)
Loss from continuing operations		(544,554)	(293,225)
Income (loss) from discontinued operations		(3,686)	5,054
Net loss		\$(548,240)	\$(288,171)
Preferred dividends		59,178	59,178
Net loss attributable to common shareholders		\$(607,418)	\$(347,349)
Net income (loss) per common share – Basic:			

Continuing operations			
			\$(0.01) \$0.00
Discontinued operations			
			0.00 0.00
Net income (loss)			
			\$(0.01) \$0.00
Net income (loss) per common share – Diluted:			
Continuing operations			
			\$(0.01) \$0.00
Discontinued operations			
			0.00 0.00
Net income (loss)			
			\$(0.01) \$0.00
Weighted average common shares outstanding -			
Basic			
		69,941,090	61,827,959
Diluted			
		69,941,090	61,827,959

See accompanying notes to unaudited consolidated financial statements.

BLAST ENERGY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2011 and 2010
(unaudited)

	2011	2010
Cash Flows From Operating Activities:		
Net loss	\$(544,554)	\$(293,225)
(Income) loss from discontinued operations	(3,686)	5,054
Loss from continuing operations	\$(548,240)	\$(288,171)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	15,510	35,868
Depletion and impairment – oil and gas	18,911	-
Accretion of asset retirement obligation	495	-
Amortization of debt discount	47,498	-
Amortization of deferred financing costs	22,293	-
Option and warrant expense	171,168	2,758
(Gain)/Loss on disposition of equipment	1,315	-
Changes in:		
Accounts receivable	53,506	(6,754)
Prepaid expenses and other current assets	11,827	14,506
Accounts payable	(30,065)	40,383
Accrued expenses	93,566	38,754
Accrued expenses – related party	22,400	22,512
Deferred revenue	-	10
Net Cash Used In Operating Activities	(119,816)	(140,134)
Cash Flows From Investing Activities:		
Proceeds from sale of fixed assets	11,200	-
Net Cash Used In Investing Activities	11,200	-
Cash Flows From Financing Activities:		
Payments on short term debt	(36,586)	(12,830)
Borrowings on short-term debt	84,352	-
Proceeds from exercise of warrants	7,500	-
Net Cash Provided by or (Used in) Financing Activities	55,266	(12,830)
Discontinued operating activities		
Net Cash Provided by Discontinued Operations		
Net change in cash	(53,349)	(152,964)
Cash at beginning of period	373,470	261,164
Cash at end of period	\$320,121	\$108,200
Cash paid for:		
Interest	\$3,992	\$342
Income taxes	-	-

Non-Cash Transactions:

Prepaid insurance financed with note payable	59,039	61,031
Common stock issued for accrued liabilities	249,000	14,800

See accompanying notes to unaudited consolidated financial statements.

BLAST ENERGY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Blast Energy Services, Inc. (“Blast” or the “Company”), have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the rules of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the audited financial statements and notes thereto contained in Blast’s latest Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements that would substantially duplicate disclosures contained in the audited financial statements for the most recent fiscal year, as reported in the Form 10-K, have been omitted.

Blast’s consolidated financial statements include the accounts of Blast and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

NOTE 2 – DESCRIPTION OF BUSINESS

Blast Energy Services, Inc. (“Blast” or the “Company”) is seeking to become an independent oil and gas producer with additional revenue potential from its applied fluid jetting (“AFJ”) technology. Blast plans to grow operations, initially through the acquisition of oil producing properties, and then eventually through the acquisition of oil and gas properties where its applied fluid jetting process could be used to increase field production volumes and, therefore, the value of the properties in which it owns an interest.

During 2010, Blast’s management chose to change the direction of the Company away from solely trying to commercialize the AFJ process, to also attempting to generate operating capital from investing in oil producing properties. Moving forward, Blast hopes to acquire properties where the AFJ Process can be applied on wells in which Blast owns an interest. As a part of this shift in strategy, in September 2010, with an effective date of October 1, 2010, Blast closed on the acquisition of oil and gas interests in the North Sugar Valley Field located in Matagorda County, Texas. In February 2011, Blast entered into a farmout agreement with Solimar Energy LLC, to participate in a drilling program in Fresno County, California. Both investments are further described below. Blast also determined that the Satellite Services business was no longer a crucial part of Blast’s future business plan and this business unit was sold in December 2010.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications. Certain amounts in the consolidated financial statements of prior periods have been reclassified to conform to the current presentation for comparative purposes.

Use of Estimates in Financial Statement Preparation. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as certain financial statement disclosures. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from these estimates. Significant estimates include those with respect to the amount of recoverable oil and gas reserves, the fair value of financial instruments, oil and gas depletion, asset retirement obligations and stock based compensation.

Fair Value of Financial Instruments. The carrying amount of Blast's cash, accounts receivables, accounts payables, and accrued expenses approximates their estimated fair values due to the short-term maturities of those financial instruments. Management believes the fair value of the promissory note entered into connection with the lending arrangement for the Gujarral Hills Exploitation Project approximates the fair value due to the discount rate applied (which represented an approximation of the Company's incremental borrowing rate for collateralized obligations) and the short-term nature of the instrument.

Cash Equivalents. Blast considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Revenue Recognition. All revenue is recognized when persuasive evidence of an arrangement exists, the service or sale is complete, the price is fixed or determinable and collectability is reasonably assured. Revenue is derived from the sale of crude oil and down hole services. Revenue from crude oil sales is recognized when the crude oil is delivered to the purchaser and collectability is reasonably assured. If collection is uncertain, revenue is recognized when cash is collected. We recognize reimbursements received from third parties for out-of-pocket expenses incurred as revenues and account for out-of-pocket expenses as direct costs.

Oil and Gas Properties, Full Cost Method. Blast uses the full cost method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells used to find proved reserves, and to drill and equip development wells, including directly related overhead costs, and related asset retirement costs are capitalized.

Under this method, all costs, including internal costs directly related to acquisition, exploration and development activities, if any, are capitalized as oil and gas property costs on a field by field basis. Sales of oil and gas properties or interests therein are credited against capitalized costs in the full cost pool. Properties not subject to amortization consist of exploration and development costs which are evaluated on a property-by-property basis. Amortization of these unproved property costs begins when the properties become proved or their values become impaired. Blast will assess the probability of realization of unproved properties, if any, on at least an annual basis or when there has been an indication that impairment in value may have occurred. Impairment of unproved properties is assessed based on management's intention with regard to future exploration and development of individually significant properties and the ability of Blast to obtain funds to finance such exploration and development. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. Costs of oil and gas properties will be amortized using the units of production method.

Ceiling Test. In applying the full cost method, Blast will perform an impairment test (ceiling test) at each reporting date commencing on December 31, 2010, whereby the carrying value of oil and gas property and equipment is compared to the "estimated present value" of its proved reserves, discounted at a 10% interest rate of future net revenues based on current operating conditions at the end of the period and the average, first day of the month price received for oil and gas production over the preceding 12 month period, plus the cost of properties not being amortized, plus the lower of cost or fair market value of unproved properties included in costs being amortized, less the income tax effects related to book and tax basis differences of the properties. As of March 31, 2011, the application of the ceiling test resulted in no charge to impairment expense.

Accounting for Asset Retirement Obligations. If a reasonable estimate of the fair value of an obligation to perform site reclamation, dismantle facilities or plug and abandon wells can be made, Blast will record a liability (an asset retirement obligation or ARO) on its consolidated balance sheet and capitalize the present value of the asset retirement cost in oil and gas properties in the period in which the retirement obligation is incurred. In general, the amount of an ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation assuming the normal operation of the asset, using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an assumed cost of funds for Blast. After recording these amounts, the ARO will be accreted to its future estimated value using the same assumed cost of funds and the capitalized costs are depreciated on a unit-of-production basis within the related full cost pool. Both the accretion and the depreciation will be included in depreciation, depletion and amortization expense on our consolidated statements of operations.

Allowance for Doubtful Accounts. Blast does not require collateral from its customers with respect to accounts receivable, but performs periodic credit evaluations of such customer's financial condition. Blast determines any required allowance by considering a number of factors including length of time accounts receivable are past due and Blast's previous loss history. Blast provides reserves for accounts receivable when they become uncollectible, and

payments subsequently received on such receivables are credited to the allowance for doubtful accounts. As of March 31, 2011 and December 31, 2010, Blast has determined that no allowance for doubtful accounts is required. During the three months ended March 31, 2011, Blast recognized bad debt expense of \$3,686 related to a dated receivable balance from its discontinued satellite business determined to be uncollectible.

Earnings or Loss Per Share. Basic earnings per share equal net earnings or loss divided by weighted average shares outstanding during the period. Diluted earnings per share include the impact on dilution from all contingently issuable shares, including options, warrants and convertible securities. The common stock equivalents from contingent shares are determined by the treasury stock method. Blast incurred a net loss for the three month periods ended March 31, 2011 and 2010 and therefore, basic and diluted earnings per share for those periods are the same as all potential common equivalent shares would be anti-dilutive.

New Accounting Pronouncements. We have adopted recently issued accounting pronouncements and have determined that they have no material effect on our financial position, results of operations, or cash flow. We do not expect any recently issued but not yet adopted accounting pronouncements to have a material effect on our financial position, results of operations or cash flow.

NOTE 4 – GOING CONCERN

Blast had an unrestricted cash balance of approximately \$220,000, current assets of approximately \$2.0 million and stockholders' equity of approximately \$1.4 million as of March 31, 2011. Blast had a loss from continuing operations of approximately \$0.5 million for the three months ended March 31, 2011 and an accumulated deficit at March 31, 2011 of approximately \$74.6 million. The consolidated financial statements do not include any adjustments that might be necessary if Blast is unable to continue as a going concern. These conditions create uncertainty as to Blast's ability to continue as a going concern. Management is trying to grow the existing businesses but may need to raise additional capital through sales of common stock or convertible instruments, as well as obtain financing from third parties.

NOTE 5 - EQUIPMENT

Equipment consists of the following:

Description	Life	March 31, 2011	December 31, 2010
Computer equipment	3 years	\$ 14,188	\$ 14,188
Tractor	4 years	15,518	36,975
Service Trailer	5 years	4,784	4,784
AFJ Rig	10 years	1,166,215	1,166,215
Equipment		1,200,705	1,222,162
Less:			
Accumulated depreciation		(303,873)	(297,304)
Impairment		(454,082)	(454,082)
Equipment, net		\$ 442,750	\$ 470,776

NOTE 6 – OIL AND GAS PROPERTIES

North Sugar Valley Field

On September 23, 2010, Blast Energy Services, Inc. ("Blast") closed on a sales agreement with Sun Resources Texas, Inc., a privately-held company based in Longview, Texas ("Sun"), to acquire Sun's oil and gas interests in the North Sugar Valley Field located in Matagorda County, Texas (the "Field"). The effective date of the sale was October 1,

2010. Under the terms of the agreement Sun will continue to act as Operator of the properties. Sun has retained a 1% working interest in the wells.

Under the terms of the agreement, Blast paid \$1.2 million in a combination of cash, common stock and the issuance of a promissory note payable for Sun's approximately 65% working interest (revenue interest of approximately 50%) in three wells in the Field currently producing a total of approximately 43 gross barrels of oil per day from the Gravier Sand formation.

Under the terms of the sales agreement with Sun, Blast (i) made a cash payment of \$600,000; (ii) issued an interest free promissory note for \$300,000 payable at a rate of \$10,000 per month commencing October 31, 2010, with the final balance payable in full on or before October 8, 2011; and (iii) issued to the shareholders of Sun 6,000,000 shares of restricted common stock of Blast with a value of \$300,000 based upon the \$0.05 per share closing market price of Blast's common stock on the day the agreement was signed.

The following table summarizes the consideration paid by Blast and the assets acquired at October 1, 2010:

	October 1, 2010
Purchase price	
Cash	\$600,000
Non-interest bearing promissory note (discounted at 8%)	281,098
Common shares issued valued at \$0.05 per share	300,000
Total purchase price	\$1,181,098
Fair value of oil and gas assets acquired	\$1,181,098

Blast allocated 100% of the purchase price to the proved oil and gas properties acquired from Sun based upon the estimated fair value of those properties, which was calculated using estimated future cash flows from the proved reserves (as determined by a third party reservoir engineer and using NYMEX strip prices as of the acquisition date of October 1, 2010), reduced for estimated future operating costs and discounted at Blast's estimated weighted average cost of capital as of the acquisition date of approximately 18%.

Blast funded the initial cash portion of this acquisition from a portion of the \$1.4 million in funds, net of attorney's fees, recently received from Quicksilver Resources in connection with the Compromise Settlement and Release Agreement entered into with Quicksilver in September 2008 as described in Note 11.

The monthly payments toward the promissory note are expected to be paid from a portion of the net operating cash flow generated by the acquired properties. In February 2011, this note was paid in full from proceeds of a lending arrangement described in Note 7 below. For the three months ended March 31, 2011, Blast recognized the balance of the unamortized discount of \$14,028 as interest expense.

Unaudited Pro forma Information

The following (unaudited) pro forma consolidated results of operations have been prepared as if the acquisition of the Sugar Valley oil and gas assets had occurred on January 1, 2010:

	2010
Revenues	\$117,418
Net Loss	\$(250,929)
Net loss per share – basic and diluted	\$(0.00)
Weighted average shares outstanding	61,827,959

Guijarral Hills Exploitation Project

In February 2011, Blast entered into a farmout agreement with Solimar Energy LLC ("Solimar"), which provided Blast the right to participate in a field extension drilling project to exploit an undeveloped acreage position in the Guijarral Hills Field located in the San Joaquin basin of central California. Solimar is a wholly-owned subsidiary of Solimar Energy Limited, a publicly-traded company on the Australia Stock Exchange based in Melbourne, Australia.

Under the terms of the agreement with Solimar, Blast will participate in the Gujarral Hills project on a promoted basis of 66-2/3 percent (%) of the costs to drill and complete the initial planned exploratory well. After the drilling of the initial well, Blast will earn a 50% working interest, with net revenue interest of 38% in the entire project's acreage position and will be required to contribute on an equal heads up basis (i.e., 50% of all costs) on any additional wells that may be drilled in the project.

The estimated gross cost to drill the initial planned well to its approximate total depth of 10,500 feet is approximately \$2.3 million. Under the terms of the farmout agreement, Blast is required to pay approximately \$1.5 million of this cost. Blast is expected to then pay its 66-2/3% promoted share toward the additional costs needed to complete the well and bring it into production (the "Test Well"). After the initial planned well is drilled, whether successful or not, Blast will participate in future drilling activities within the project at a 50% working interest, subject to Blast's requirement to pay 50% of the costs associated with the project.

In March 2011, the Solimar Energy 76-3 well in the Gujarral Hills Field Area located in Fresno County, California reached its total drilling depth of 10,550 feet. Upon reaching total depth, a series of wireline log evaluations were conducted which indicated the presence of at least three potentially commercial reservoir sands that are currently undergoing further testing.

The Farmout Agreement and subsequent participation in the Solimar Energy 76-3 well is reported in the balance sheet under "Unproven oil and gas properties."

NOTE 7 – NOTES PAYABLE – RELATED PARTY AND OTHER

Related Party Transactions

AFJ Note

On July 15, 2005, Blast entered into an agreement to develop its initial applied jetting rig with Berg McAfee Companies, LLC ("BMC"). The arrangement involves two loans for a total of \$1 million to fund the completion of the initial rig and sharing in the expected rig revenues for a ten-year period. Under the terms of the loan agreement with BMC, cash revenues will be shared on the basis of allocating 90% to Blast and 10% to BMC for a ten-year period following repayment. After ten years, Blast will receive all of the revenue from the rig. BMC also has the option to fund an additional three rigs under these commercial terms.

In 2008, BMC extended the term for the \$1 million Note secured on the Applied Fluid Jetting rig for three years. The revised Note was issued for \$1.12 million, including accumulated interest, and carries an 8% interest rate and was convertible into common stock at \$0.20 per share.

On January 5, 2011, Blast and BMC agreed to (a) enter into Amendment No. 1 to the February 27, 2008 Promissory Note, pursuant to which the Company owes BMC, \$1.12 million (the "Amended Note"); and (b) to amend the terms of the Company's Series A Convertible Preferred Stock (the "Preferred Stock") to provide for a reduction in the conversion price of such Preferred Stock from \$0.50 per share to \$0.20 per share (the "Amendment").

The Amended Note revised and amended the terms of the original note, entered into between the Company and BMC on February 27, 2008, to extend the maturity date of such note from February 27, 2011, to February 27, 2013; to increase the amount of notice the Company is required to provide BMC in the event the Company desires to prepay the note from five (5) days to thirty (30) days; to subordinate the security for such note to the Company's obligations due to and in connection with the drilling and completion of the Gujarral Hills development project and the payoff of the Company's \$300,000 promissory note due to Sun Resources Texas, Inc.; and to provide BMC the right to convert the amount outstanding under the note into shares of the Company's common stock at a reduced rate of \$0.08 per share, rather than \$0.20 per share as provided for in the original note agreement.

The Company evaluated the terms of the Amended Note and determined that, due to the change in the common stock conversion rate, the original note had been extinguished and consequently, the Amended Note would be recorded at its current fair value. Based upon the new common stock conversion rate, which was equivalent to the Company's closing stock price at January 5, 2011, the Company determined that the Amended Note had a fair value of \$1,120,000, based upon the value of the Company's common stock the Amended Note could be converted into at the date of the amendment. Therefore, no gain or loss was recognized.

Interest payable under this note (reflected as Accrued expenses – related party in the accompanying balance sheet) in \$277,797 at March 31, 2011.

Other

Promissory Note - North Sugar Valley Field

Under the terms of the sales agreement with Sun, Blast issued an interest free promissory note for \$300,000 payable at a rate of \$10,000 per month commencing October 31, 2010, with the final balance payable in full on or before October 8, 2011. The promissory note is secured by a lien against the North Sugar Valley Field.

As the promissory note is noninterest bearing, Blast discounted the promissory note to its estimated net present value using an 8% interest rate, which Blast believes is representative of its incremental cost of borrowing given the secured nature of the promissory note. The resulting discount of \$18,902 was amortized using the effective interest rate method over the term of the promissory note.

In February 2011, this note was paid in full from proceeds of a lending arrangement described below. For the three months ended March 31, 2011, Blast recognized the balance of the unamortized discount of \$14,028 as interest expense.

Lending Arrangement

On February 24, 2011 (the "Closing"), Blast entered into a Note Purchase Agreement (the "Purchase Agreement") and related agreements (as described below) with a Third Party (the "Investor") to fund its Gujarral Hills project and to repay the Sun promissory note. Pursuant to the Purchase Agreement, Blast agreed with the Investor to enter into Secured Promissory Notes in the aggregate principal amount of \$2,522,111 (the "Notes"), with a Senior Secured Promissory Note in the amount of \$2,111,111 (the "First Note") delivered to the Investor at the Closing and a second Note delivered in April 2011 in the amount of \$411,000.

Pursuant to the Purchase Agreement, Blast agreed to undertake certain requirements and to certain restrictions while the Notes are outstanding. These requirements and restrictions, among other things, include:

- to continue to file reports with the Securities and Exchange Commission (the "Commission");
 - not pay any dividends, make any distributions or redeem any securities;
- not permit any liens on any of its assets (other than those already approved by the Investor) or incur any additional liabilities (unless subordinated to amounts owed to the Investor);
 - not enter into any merger, sale or acquisition agreements; and,
- maintain a minimum cash bank balance of \$100,000, with some flexibility as it relates to funding costs for the Test Well to be drilled as part of the Gujarral Hills Exploitation Project. This minimum cash balance is shown as restricted cash in the accompanying balance sheet at March 31, 2011.

Additionally, Blast granted the Investor a right of first refusal to provide Blast with additional funding on such terms and conditions as Blast may receive from third parties, until the later of (a) one year from the date that the Notes are repaid in full; or (b) such time as Blast ceases paying a Royalty to the Investor pursuant to the Royalty Agreement (described below).

Blast also agreed that if the Test Well fails to achieve an initial production average of at least 350 barrels of oil equivalent per day for the 30-day period commencing on the first day on which the Test Well is at full production, Blast would issue to the Investor a common stock purchase warrant to purchase up to 12,000,000 shares of Blast's common stock (the "Warrant"). The Warrant will have a term of two years, and provide for cashless exercise rights in the event the shares of common stock issuable upon exercise of the Warrant are not registered with the Commission. The Warrant will also contain certain anti-dilution provisions and will have an exercise price, in the event it is granted, equal to the weighted average of the trading price of Blast's common stock over the ten day period prior to the grant date.

First Note

Blast delivered to the Investor the First Note in the amount of \$2,111,111 at the Closing. Blast paid an original issue discount to the Investor on the First Note of 10%, or \$211,111 (the "Original Issue Discount"). The First Note accrues interest at the rate of ten percent (10%) per annum, payable on the first day of each month beginning in March 2011, and has a maturity date of February 24, 2012. Blast also agreed to pay the Investor an exit fee at such time as the First Note is paid in full of twelve percent (12%) of the amount of such repayment (the "Exit Fee"). However, this Exit Fee will be waived by the Investor if the Test Well achieves an initial production average of at least 350 barrels of oil equivalent per day for the 30-day period commencing on the first day on which the Test Well is at full production.

The proceeds from the First Note were used by Blast (i) to repay in full the remaining indebtedness of \$250,000 owed to Sun under the outstanding promissory note described above; (ii) to fund Blast's portion of the Test Well under the terms of the Farmout Agreement; and (iii) to pay fees and expenses incurred in connection with the Closing, including

the payment of the Original Issue Discount and reimbursement of legal fees incurred by the Investor in connection with the Closing.

Blast reimbursed the Investor a total of \$116,891 for legal fees incurred, which has been treated as an additional discount against the First Note to be amortized over its term. Blast also paid \$218,473 in legal and finders fees associated with the lending arrangement, which has been recorded as deferred financing costs to be amortized over the term of the First Note. Net proceeds to Blast after the original issue discount, reimbursement of the lender's legal fees and Blast's own expenses were approximately \$1.6 million with an effective interest rate of approximately 36%.

As of March 31, 2011, Blast paid interest in the amount of \$21,111 and had accrued interest payable under this note (reflected as Accrued expenses –in the accompanying balance sheet) of \$17,593 at March 31, 2011.

Second Note

Blast delivered the Investor the Second Note in the amount of \$411,000 on April 5, 2011. Blast paid an original issue discount to the Investor on the Second Note of 10% or \$41,100. The Second Note has substantially similar terms to the First Note. The proceeds from the Second Note were used by Blast to fund Blast's portion of the completion and testing costs of the Test Well under the terms of the Farmout Agreement.

Guaranty and Security Agreement

The repayment of the amounts loaned to Blast by the Investor under the First Note and the Second Note (the "Loans") was guaranteed by Blast's wholly-owned subsidiaries Eagle Domestic Drilling Operations LLC ("Eagle") and Blast AFJ, Inc. ("Blast AFJ"). Additionally, Blast, Eagle and Blast AFJ each entered into a Security Agreement in favor of the Investor, pursuant to which such parties provided the Investor a first prior security interest in all of their tangible and intangible assets, including equipment, intellectual property and personal and real property as collateral to secure the repayment of the Loans (the "Security Agreement"). Additionally, Berg McAfee Companies, LLC ("Berg McAfee") agreed, pursuant to its entry into a Subordination and Intercreditor Agreement with Blast, to subordinate the repayment of the \$1.12 million principal amount of the Secured Promissory Note owed by Blast to Berg McAfee to the repayment of the Loans and the Investor's security interest granted pursuant to the Security Agreement.

Stock Purchase Agreement

As additional security for the repayment of the Loans, and pursuant to a Stock Purchase Agreement, Blast sold the Investor one (1) share of its newly designated Series B Preferred Stock, in consideration for \$100, which entitles the Investor to consent to and approve Blast's or any of its subsidiaries entry into any bankruptcy proceeding, consent to the appointment of a receiver, liquidator or trustee or the assignment by Blast or any of its subsidiaries for the benefit of any creditors. Blast assigned no value to this Series B Preferred Share.

Royalty Payment Letter

As additional consideration for the Investor agreeing to make the Loans, Blast agreed pursuant to a Royalty Payment Letter (the "Royalty Payment Letter"), to pay the Investor 30% of all amounts earned (the "Royalty") by Blast under the Test Well; provided however, that should the Test Well achieve an initial production average equal to or greater than 400 barrels of oil equivalent per day for the period commencing on the first day on which the Test Well is at full production and ending on the 30th day thereafter Blast's obligation under the Royalty Payment Letter is limited to 30% of Blast's earnings on only 400,000 gross barrels of production, from such wells (which may or may not include the Test Well) as Blast may determine in its sole discretion. Amounts earned by Blast in connection with the Test Well are deemed to include, without limitation, amounts earned from the sale, assignment, transfer or other disposition by Blast of any interest in the Test Well. Blast did not assign any value to the 30% royalty assigned to the Investor due to the lack of proved reserves associated with the Guijarral Hills Test Well and uncertainty around its ultimate commercial viability.

NOTE 8 – PREFERRED STOCK – RELATED PARTIES

Series A Convertible Preferred Stock

In January 2008, Blast sold the rights to an aggregate of two million units each consisting of four shares of Series A Convertible Preferred Stock, and one three year warrant to purchase one share of common stock with an exercise price of \$0.10 per share (the "Units"), for an aggregate of \$4 million or \$2.00 per Unit, to Clyde Berg and to McAfee Capital LLC, two parties related to Blast's largest shareholder, Berg McAfee Companies. The shares of common stock issuable in connection with the exercise of the warrants and in connection with the conversion of the Preferred Stock were granted registration rights in connection with the sale of the Units. The proceeds from the sale of the Units were used to satisfy creditor claims of about \$2.4 million under the terms of our Second Amended Plan of Reorganization (the "Plan") allowing Blast to emerge from Chapter 11 bankruptcy and provided working capital of \$1.6 million.

The Series A Preferred Stock (the “Preferred Stock”) accrue dividends at the rate of 8% per annum, in arrears for each month that the Preferred Stock is outstanding. Blast has the right to pay any or all of the accrued dividends at any time by providing the holders of the Preferred Stock at least five days written notice of their intent to pay such dividends. In the event Blast receives a “Cash Settlement,” defined as an aggregate total cash settlement received by Blast, net of legal fees and expenses, in connection with Blast’s litigation proceedings with Hallwood and Quicksilver in excess of \$4 million, Blast is required to pay outstanding dividends within thirty (30) days in cash or stock at the holder’s option. If the dividends are not paid within thirty (30) days of the date the Cash Settlement is received, a “Dividend Default” occurs.

The Preferred Stock and any accrued and unpaid dividends, have optional conversion rights into shares of Blast's common stock at a conversion price of \$0.20 per share. The Preferred Stock automatically converts if Blast's common stock trades for a period of more than twenty (20) consecutive trading days at a price greater than \$3.00 per share and if the average trading volume of Blast's common stock exceeds 50,000 shares per day.

In October 2008, Blast redeemed two million shares of Blast's Series A Preferred Stock held by Clyde Berg and McAfee Capital, LLC at face value of \$0.50 per share (the then conversion price of the preferred shares) and paid \$1 million to redeem the Preferred shares. In connection with the redemption, Blast cancelled one million Series A Preferred shares each held by Clyde Berg and McAfee Capital, LLC. Accordingly, six million preferred shares remain outstanding at March 31, 2011.

As of March 31, 2011, the aggregate and per share arrearages on the outstanding Preferred Stock were \$792,329, and \$0.13, respectively, which includes dividends in arrearage of \$50,630 related to the 2,000,000 preferred shares that were redeemed in October 2008.

Warrants

Blast also granted warrants to the Preferred Stockholders to purchase up to 2,000,000 shares of common stock at an exercise price of \$0.10 per share. These warrants have a three-year term. The relative fair value of the warrants determined utilizing the Black-Scholes model was approximately \$446,000 on the date of sale. The significant assumptions used in the valuation were: the exercise price of \$0.10; the market value of Blast's common stock on the date of issuance of \$0.29; expected volatility of 131%; risk free interest rate of 2.25%; and a term of three years. Management has evaluated the terms of the Convertible Preferred Stock and the grant of warrants in accordance with EITF 98-5 (ASC 470) and EITF 00-27 (ASC 470), and concluded that there was not a beneficial conversion feature at the date of grant.

Series B Preferred Stock

As additional security for the repayment of the Note sold to the Investor, as described above, and pursuant to a Stock Purchase Agreement, Blast sold to the Investor one (1) share of its newly designated Series B Preferred Stock, in consideration for \$100, which entitles the Investor to consent to and approve Blast's or any of its subsidiaries entry into any bankruptcy proceeding, consent to the appointment of a receiver, liquidator or trustee or the assignment by Blast or any of its subsidiaries for the benefit of any creditors.

NOTE 9 – COMMON STOCK

In February 2011, Blast issued 750,000 shares of restricted common stock to Trident Partners in connection with the exercise of warrants originally issued in November 2010 under the terms of a placement agreement between the Company and Trident. Blast received cash proceeds of \$7,500 related to this exercise.

In February 2011, Blast issued 2,766,667 shares of restricted common stock valued at \$249,000 to certain current and retired members of the board of directors in payment of deferred board fees accrued from October 2008. Fees were converted into shares at \$0.09 per share, the closing market price of the Company's stock on February 2, 2011.

NOTE 10 – OPTIONS AND WARRANTS

Share-based Compensation:

The 2009 Stock Incentive Plan (the "Incentive Plan") authorizes the issuance of various forms of stock-based awards, including incentive or non-qualified options, restricted stock awards, performance shares and other securities as described in greater detail in the Incentive Plan, to the Company's employees, officers, directors and

consultants. Options to purchase a total of 5 million shares are authorized to be issued under the Incentive Plan. As of March 31, 2011, 2 million shares have been granted under this plan.

During the three months ended March 31, 2011, options to purchase an aggregate of 2 million shares were granted to certain named executives and non-executive members of the management team at an exercise price of \$0.09 per share. The options have a ten year term and vest immediately upon date of grant. Fair value of \$169,369 was recorded using the Black-Scholes option-pricing model. Variables used in the Black-Scholes option-pricing model for the options issued during the three month period ended March 31, 2011 include (1) discount rate of 3.52%, (2) expected term of 5 years, (3) expected volatility of 369.75% and (4) zero expected dividends.

During the three month period ended March 31, 2011, the Company recognized share-based compensation expense of \$171,168. The remaining amount of unamortized options expense at March 31, 2011 is \$979. The intrinsic value of outstanding as well as exercisable options at March 31, 2011 was \$212,835.

Activity in options during the three month period ended March 31, 2011 and related balances outstanding as of that date are reflected below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (# years)
Outstanding at January 1, 2011	2,358,792	\$ 0.61	
Granted	2,000,000	0.09	
Exercised	-	-	
Forfeited and cancelled	-	-	
Outstanding at March 31, 2011	4,358,792	\$ 0.37	6.6
Exercisable at March 31, 2011	4,350,459	\$ 0.37	6.6

Activity in warrants during the three months ended March 31, 2011 and related balances outstanding as of that date are reflected below. The intrinsic value of the exercisable warrants at March 31, 2011 was \$406,314.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (# years)
Outstanding at January 1, 2011	12,245,089	\$ 0.84	
Granted	-	-	
Exercised	(750,000)	0.01	
Forfeited and cancelled	-	-	
Outstanding at March 31, 2011	11,495,089	\$ 0.86	2.2
Exercisable at March 31, 2011	11,495,089	\$ 0.86	2.1

NOTE 11 – LITIGATION

Quicksilver Resources Lawsuit

In September 2008, Blast and Eagle Domestic Drilling Operations LLC, our wholly-owned subsidiary (“Eagle”), entered into a Compromise Settlement and Release Agreement with Quicksilver Resources, Inc. (“Quicksilver”) in the Court to resolve the pending litigation and the parties agreed to release all claims against one another and certain related parties. Quicksilver agreed to pay Eagle a total of \$10 million of which \$8 million has been received to date. The remaining amount due from Quicksilver is \$2 million (\$1.44 million net of associated legal fees) payable on or before September 2011, the third anniversary date of the execution of the settlement. The remaining amounts due from Quicksilver are shown as a current and long-term receivable in the balance sheet, net of contingent legal fees.

General

Other than the aforementioned matters, Blast is not aware of any other pending or threatened legal proceedings. The foregoing is also true with respect to each officer, director and control shareholder as well as any entity owned by any officer, director and control shareholder, over the last five years.

As part of its regular operations, Blast may become party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning its' commercial operations, products, employees and other matters. Although Blast can give no assurance about the outcome of these or any other pending legal and administrative proceedings and the effect such outcomes may have on Blast, except as described above, Blast believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on Blast's financial condition or results of operations.

NOTE 12 – BUSINESS SEGMENTS

As of March 31, 2011, Blast has two reportable segments: (1) Oil and Gas Producing Properties and (2) Down-hole Solutions. A reportable segment is a business unit that has a distinct type of business based upon the type and nature of services and products offered.

Blast evaluates performance and allocates resources based on profit or loss from operations before other income or expense and income taxes. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The table below reports certain financial information by reportable segment for the three months ended March 31, 2011 and 2010:

	For the Three Months Ended March 31,	
	2011	2010
Revenues:		
Oil and Gas Properties	\$ 106,527	-
Down-hole Solutions	-	-
Total Revenue	\$ 106,527	
Costs of Goods Sold:		
Oil and Gas Properties	\$ 70,374	-
Down-hole Solutions	5,502	28,125
Corporate	461,430	241,892
Total Operating expenses	\$ 537,306	\$ 270,017
Operating profit (loss):		
Oil and Gas Properties	\$ 36,153	-
Down-hole Solutions	(5,502)	(28,125)
Corporate	(461,430)	(241,892)
Operating Loss	\$ (430,779)	\$ (270,017)

NOTE 13 – DISCONTINUED OPERATIONS

On December 30, 2010, Blast entered into an Asset Purchase Agreement with GlobaLogix, Inc. (“GlobaLogix” and the “Purchase Agreement”). Pursuant to the Purchase Agreement, Blast sold all of its Satellite Communications assets, rights and interests, including all goodwill, customer and vendor contracts (collectively “Satellite Contracts”), inventory, test equipment, software and other assets associated with its Satellite Communications operations to GlobaLogix in consideration for (a) \$50,000; and (b) GlobaLogix agreeing to assume any and all liabilities, obligations and rights associated with the Satellite Contracts. Additionally, GlobaLogix agreed to offer full-time employment to one of the Company’s employees in connection with the Purchase Agreement. The \$50,000 payment was received in January 2011.

Pursuant to the Purchase Agreement, the Company also agreed not to compete with GlobaLogix in connection with the Satellite Communications services in the United States or attempt to solicit any employees from GlobaLogix for a period of one year following the closing of the Purchase Agreement.

As a result of the consummation of the Purchase Agreement, the Company no longer has any operations or assets in connection with Satellite Communications and anticipates solely focusing its efforts, resources and operations moving forward on its Down-hole Solutions and Oil and Gas Production segments.

Net income (loss) from the discontinuance of satellite operations for the three months ended March 31, 2011 and 2010 is as follows:

	2011	2010
Revenues	\$ -	\$ 84,402
Operating Expenses:		
Cost of sales	-	77,619
Selling, general and administrative	-	1,729
Bad debts expense	3,686	-
Total operating expenses	(3,686)	(79,348)
Net income (loss) from discontinued operations	\$ (3,686)	\$ 5,054

At March 31, 2011, bad debt expense of \$3,686 related to a dated receivable balance from the discontinued satellite business which was determined to be uncollectible.

NOTE 15 – SUBSEQUENT EVENTS

Solimar 76-33 Well Commences Testing

On May 19, 2011, a completion rig moved on location to commence the flow testing program on the Solimar Energy 76-33 well in the Guijarral Hills Field Area located in Fresno County, California. Under the completion plan, Solimar Energy, the operator of the well, plans to perforate and flow test up to three zones within the Gatchell, Avenal and Leda intervals. A total of potential net pay of over 135 feet in six separate intervals was previously reported for the well. The three intervals that have been selected for testing are those deemed most likely to potentially produce commercial quantities of oil.

The testing program will involve perforating the selected interval followed by periods when the well will be flowing or shut-in to measure the pressure response and to evaluate fluid properties. The test sequence will involve testing the deepest interval, the Lower Gatchell, first and then working up the well, as necessary, to the shallower Avenal and Leda objectives.

The three intervals selected to be tested have all been productive in the adjacent Guijarral Hills field. While drilling each interval had indications that hydrocarbons were present which were also indicated on wireline logs that were run after drilling was completed. While such petro-physical analysis indicates that hydrocarbon pay is present, the flow testing program is necessary to determine whether the reservoir quality will meet commercial production rates.

The testing program for the three intervals is expected to have a gross cost of approximately \$530,000 (net to Blast of approximately \$265,000), although the total cost will depend on the results and whether any of the intervals require additional procedures, such as fracture stimulation. While Blast has paid two-thirds of the costs of the well to date, Blast is responsible for its proportionate share of the working interests of 50% of the costs going forward.

Amended Placement Agreement

On May 18, 2011, Blast agreed with Trident Partners to amend their placement agreement as it pertains to Trident's 10% share of the royalty offered to the Investor introduced to Blast by Trident. In lieu of a share in the royalty interest, Blast agreed to grant to certain principals of Trident fully vested warrants, exercisable for two years to

purchase up to 400,000 shares of Blast's common stock at an exercise price of \$0.01 per share.

Promissory Note with Clyde Berg

On May 19, 2011, Blast entered into a \$100,000 promissory note with Clyde Berg, a major shareholder. The note carries a 25% interest rate and has a one-year term. The proceeds from this note will be used to partially cover the cost of testing operations on the Solimar 76-33 well.

Item 2. Management's Discussion and Analysis of Financial Condition and Results Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and the related footnotes thereto.

Forward-Looking Statements

Some of the statements contained in this report discuss future expectations, contain projections of results of operations or financial condition, or state other "forward-looking" information. The words "believe," "intend," "plan," "expect," "anticipate," "estimate," "project," "goal" and similar expressions identify such a statement was made. These statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and is derived using numerous assumptions. Factors that might cause or contribute to such a discrepancy include, but are not limited to the risks discussed in this and our other SEC filings. We do not promise to or take any responsibility to update forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements. Future events and actual results could differ materially from those expressed in, contemplated by, or underlying such forward-looking statements.

The following discussion and analysis of our financial condition is as of March 31, 2011. Our results of operations and cash flows should be read in conjunction with our unaudited financial statements and notes thereto included elsewhere in this report and the audited financial statements and the notes thereto included in our Form 10-K for the year ended December 31, 2010.

Business Overview

Unless otherwise indicated, we use "Blast," "the Company," "we," "our" and "us" in this quarterly report to refer to the businesses of Blast Energy Services, Inc. and its wholly-owned subsidiaries, Eagle Domestic Drilling Operations LLC and Blast AFJ, Inc.

Blast is seeking to become an independent oil and gas producer with additional revenue potential from its applied fluid jetting technology. We plan to grow operations initially through the acquisition of oil producing properties (as described below) and then eventually, to acquire oil and gas properties where our applied fluid jetting process could be used to increase the field production volumes and value of the properties in which we own an interest.

Oil and Gas Properties

North Sugar Valley Field

On September 23, 2010, Blast closed on a sales agreement with Sun Resources Texas, Inc. ("Sun") a privately-held company based in Longview, Texas, to acquire Sun's oil and gas interests in the North Sugar Valley Field located in Matagorda County, Texas for a total purchase price of \$1,181,000. Under the terms of the agreement, the purchase price was paid in a combination of cash, common stock and through the issuance of a promissory note (which has since been repaid) for Sun's approximately 65% working interest (net revenue interest of approximately 50%) in three wells. The acquired wells are currently producing a total of approximately 43 gross barrels of oil per day from the Gravier Sand formation, which our year end reserve report estimates contains approximately 75,000 barrels of recoverable reserves net to the interest acquired by Blast.

The effective date of the sale was October 1, 2010. Under the terms of the agreement, Sun will continue to act as Operator of the properties. Sun has retained a 1% working interest in the wells.

Guijarral Hills Exploitation Project

In February 2011, Blast entered into a farmout agreement with Solimar Energy LLC (“Solimar”), which provided Blast the right to participate in a field extension drilling project to exploit an undeveloped acreage position in the Guijarral Hills Field located in the San Joaquin basin of central California. Solimar is a wholly-owned subsidiary of Solimar Energy Limited, a publicly-traded company on the Australia Stock Exchange based in Melbourne, Australia.

Under the terms of the agreement with Solimar, Blast will participate in the Gujarral Hills project on a promoted basis of 66-2/3 percent (%) of the costs to drill and complete the initial planned exploratory well. After the drilling of the initial well, Blast will earn a 50% working interest, with net revenue interest of 38% in the entire project's acreage position and will be required to contribute on an equal heads up basis (i.e., 50% of all costs) on any additional wells that may be drilled in the project.

The estimated gross cost to drill the initial planned well to its approximate total depth of 10,500 feet is approximately \$2.3 million. Under the terms of the farmout agreement, Blast is required to pay approximately \$1.54 million of this cost. Blast is expected to then pay its 66-2/3% promoted share toward the additional costs needed to complete the well and bring it into production (the "Test Well"). After the initial planned well is drilled, whether successful or not, Blast will participate in future drilling activities within the project at a 50% working interest, subject to Blast's requirement to pay 50% of the costs associated with the project.

In March 2011, the Solimar Energy 76-3 well in the Gujarral Hills Field Area located in Fresno County, California reached its total drilling depth of 10,550 feet.

On May 19, 2011, a completion rig moved on location to commence the flow testing program on the well. Under the completion plan, Solimar plans to perforate and flow test up to three zones within the Gatchell, Avenal and Leda intervals. A total of potential net pay of over 135 feet in six separate intervals was previously reported for the well. The three intervals that have been selected for testing are those deemed most likely to potentially produce commercial quantities of oil.

The testing program will involve perforating the selected interval followed by periods when the well will be flowing or shut-in to measure the pressure response and to evaluate fluid properties. The test sequence will involve testing the deepest interval, the Lower Gatchell, first and then working up the well, as necessary, to the shallower Avenal and Leda objectives.

The three intervals selected to be tested have all been productive in the adjacent Gujarral Hills field. While drilling each interval had indications that hydrocarbons were present which were also indicated on wireline logs that were run after drilling was completed.. While such petro-physical analysis indicates that hydrocarbon pay is present, the flow testing program is necessary to determine whether the reservoir quality will meet commercial production rates.

The testing program for the three intervals is expected to have a gross cost of approximately \$530,000 (net to Blast of approximately \$265,000), although the total cost will depend on the results and whether any of the intervals require additional procedures, such as fracture stimulation. While Blast has paid two-thirds of the costs of the well to date, Blast is responsible for its proportionate share of the working interests of 50% of the costs going forward.

Applied Fluid Jetting Technology

Over the past several years, Blast has developed a down-hole stimulation service that management believes has the potential to dramatically increase production volumes and reserves from existing or newly drilled wells. Blast has filed for a patent to protect this proprietary AFJ process.

The theory behind AFJ is both simple and extremely bold to maximize the reservoir area contacted by the well bore, both vertically and horizontally--in order to increase production rates and improve reservoir recovery rates. Recent experience has moved the theory closer to commercial realization. Blast enters existing or new well bores to access the productive formations containing oil and natural gas. By jetting laterally into the formations, more of the reservoir is exposed to the wellbore and if successful, additional hydrocarbons are flowed to the surface. It is believed that this AFJ process can be successful in many types of sandstone and limestone/carbonate formations.

During 2009, Blast further tested the AFJ process on wells in the Austin Chalk play in Central Texas operated by Reliance Oil & Gas, Inc. (“Reliance”) with some initial production success. Later Blast attempted to apply the process to third-party wells in West Texas and in Kentucky. Unfortunately, due to mechanical failures of the surface equipment we were not able to achieve any lateral jetting in the down-hole environment. Currently the AFJ rig and other support vehicles have been moved back to a storage yard in Hockley, Texas. Blast intends to restart its down-hole stimulation service line once liquidity permits.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our most significant judgments and estimates used in preparation of our financial statements.

Oil and Gas Properties, Full Cost Method. Blast uses the full cost method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells used to find proved reserves, and to drill and equip development wells, including directly related overhead costs, and related asset retirement costs are capitalized.

Under this method, all costs, including internal costs directly related to acquisition, exploration and development activities are capitalized as oil and gas property costs on a field by field basis. Sales of oil and gas properties or interests therein are credited against capitalized costs in the full cost pool. Properties not subject to amortization consist of exploration and development costs which are evaluated on a property-by-property basis. Amortization of these unproved property costs begins when the properties become proved or their values become impaired. Blast will assess the probability of realization of unproved properties, if any, on at least an annual basis or when there has been an indication that impairment in value may have occurred. Impairment of unproved properties is assessed based on management's intention with regard to future exploration and development of individually significant properties and the ability of Blast to obtain funds to finance such exploration and development. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. Costs of oil and gas properties will be amortized using the units of production method.

Ceiling Test. In applying the full cost method, Blast will perform an impairment test (ceiling test) at each reporting date commencing on December 31, 2010, whereby the carrying value of property and equipment is compared to the "estimated present value" of its proved reserves, discounted at a 10% interest rate of future net revenues based on current operating conditions at the end of the period and the average, first day of the month price received for oil and gas production over the preceding 12 month period, plus the cost of properties not being amortized, plus the lower of cost or fair market value of unproved properties included in costs being amortized, less the income tax effects related to book and tax basis differences of the properties.

Accounting for Asset Retirement Obligations. If a reasonable estimate of the fair value of an obligation to perform site reclamation, dismantle facilities or plug and abandon wells can be made, Blast will record a liability (an asset retirement obligation or ARO) on its consolidated balance sheet and capitalize the present value of the asset retirement cost in oil and gas properties in the period in which the retirement obligation is incurred. In general, the amount of an ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation assuming the normal operation of the asset, using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an assumed cost of funds for Blast. After recording these amounts, the ARO will be accreted to its future estimated value using the same assumed cost of funds and the capitalized costs are depreciated on a unit-of-production basis within the related full cost pool. Both the accretion and the depreciation will be included in depreciation, depletion and amortization expense on our consolidated statement of income.

Stock-Based Compensation. Pursuant to the provisions of FASB ASC 718, Compensation – Stock Compensation, which establishes accounting for equity instruments exchanged for employee service, we utilize the Black-Scholes option pricing model to estimate the fair value of employee stock option awards at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of our share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions will be based on, or determined from, external data and other assumptions may be derived from our historical experience with stock-based payment arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances. We estimate volatility by considering historical stock volatility. We have opted to use the simplified method for estimating expected term, which is equal to the midpoint between the vesting period and the contractual term.

Results of Operations and Financial Condition

All dollar amounts discussed in “Item 2” are rounded to the nearest \$1,000, or for larger numbers, to the nearest tenth of a million dollars. Please consult the financial statements in “Item 1” for exact dollar amounts.

Comparison of the Three Months Ended March 31, 2011 with the Three Months Ended March 31, 2010

Oil and Gas Properties. Revenues and expenses associated with the production from Oil and Gas Properties commenced in October 2010, and as such, there were no Oil and Gas Properties revenues for the three months ended March 31, 2010. Oil and Gas Properties revenues were \$106,000 for the three months ended March 31, 2011. Lease operating costs for Oil and Gas Properties were \$70,000. The lease operating income from Oil and Gas Properties was \$36,000.

Down-hole Solutions. There were no down-hole Solutions’ revenues for the three months ended March 31 in either 2011 or 2010. The loss from Down-hole Solutions decreased by \$22,000 to \$6,000 for the three months ended March 31, 2011 compared to a loss of \$28,000 for the three months ended March 31, 2010. This decrease was due to the suspension of field testing of this technology in 2009 after unsuccessfully attempting to drill laterals on several wells.

Depreciation - services. Depreciation expense decreased by \$20,000 to \$16,000 for the three months ended March 31, 2011 as compared to \$36,000 for the three months ended March 31, 2010. This decrease is primarily related to the impairment recorded to the AFJ rig carrying value in December 2010 and the sale of surplus equipment no longer needed for AFJ operations.

Depletion and impairment – oil and gas. Amortization costs of \$19,000 for the three months ended March 31, 2011 were the result of depletion on units of production basis. Since no oil and gas properties were owned in 2010, there were no depletion or impairment costs in 2010.

Selling, General and Administrative. Selling, general and administrative (“SG&A”) expenses increased by \$219,000 to \$425,000 for the three months ended March 31, 2011 compared to \$206,000 for the three months ended March 31, 2010. The increase was primarily due to the stock compensation expense associated with the granting of options and the allocation of payroll to G&A that was previously allocated to other business segments in 2010.

(in thousands)	For the Three Months		
	Ended March 31, 2011	2010	Increase (Decrease)
Payroll and related costs	\$ 103	\$ 47	\$ 56
Option and warrant expense	171	3	168
Legal fees & settlements	12	36	(24)
External services	92	77	15
Insurance	21	32	(11)
Travel & entertainment	8	3	5
Office rent, communications, misc.	18	8	10
	\$ 425	\$ 206	\$ 219

Interest Expense. Interest expense was \$114,000 for the three months ended March 31, 2011 compared with \$23,000 for the three months ended March 31, 2010 an increase of \$91,000 from the prior period. This increase is primarily due to included accrued interest on the new lending arrangement that closed in February 2011.

Loss From Continuing Operations. The loss from continuing operations increased by \$252,000 to \$545,000 for the three months ended March 31, 2011 compared to a loss from continuing operations of \$293,000 for the three months ended March 31, 2010. This increase is primarily due to the stock compensation expense associated with the granting of options in February 2011 and higher interest expense on the new lending arrangement that closed in February 2011.

Income (Loss) From Discontinued Operations. Loss from discontinued operations was \$3,700 for the three months ended March 31, 2011 compared to income from discontinued operations of \$5,100 for the three months ended March 31, 2010.

Net Loss. Net loss increased by \$260,000 to a net loss of \$548,000 for the three months ended March 31, 2011 compared to a net loss of \$288,000 for the three months ended March 31, 2010. This increase is primarily due to the stock compensation expense associated with the granting of options in February 2011 and higher interest expense on the new lending arrangement that closed in February 2011.

Liquidity and Capital Resources

We have no current commitment from our officers and Directors or any of our shareholders to supplement our operations or provide us with financing in the future. In the future, we may be required to seek additional capital by selling debt or equity securities, selling assets, or otherwise be required to bring cash flows in balance when we approach a condition of cash insufficiency. The sale of additional equity or debt securities, if accomplished, may result in dilution to our then shareholders. We provide no assurance that financing will be available in amounts or on terms acceptable to us, or at all. As of March 31, 2011, we had cash of approximately \$320,000.

Blast had total current assets of \$2.1 million as of March 31, 2011, including cash of \$220,000 and restricted cash of \$100,000, compared to total current assets of \$1.9 million as of December 31, 2010, including a cash balance of \$373,000. Under the terms of the lending arrangement, Blast must keep a minimum balance of \$100,000 in a control account which is represented on the balance sheet as restricted cash.

Blast had total assets as of March 31, 2011 of \$5.1 million compared to total assets of \$3.6 million as of December 31, 2010. Included in total assets as of March 31, 2011 was \$1.2 million of oil and gas properties subject to amortization.

Blast had total liabilities of \$3.7 million as of March 31, 2011, including current liabilities of \$2.6 million compared to total liabilities of \$2.1 million as of December 31, 2010, including current liabilities of \$1 million.

Blast had a working capital deficit of \$0.6 million, total stockholders' equity of \$1.4 million and a total accumulated deficit of \$74.6 million as of March 31, 2011, compared to net working capital of \$0.9 million, total stockholders' equity of \$1.5 million and a total accumulated deficit of \$74.1 million as of December 31, 2010. The reduction in equity is attributable to the net loss of \$548,000 for the three months ended March 31, 2011 partially offset by the issuance of common stock for the payment of deferred board fees and the granting of options to management in February 2011.

A secured \$1.12 million note with Berg McAfee Companies, LLC remains outstanding as of March 31, 2011. The note, which was extended for an additional three years from the effective date of our Second Amended Plan of Reorganization (February 27, 2008) to February 27, 2011, bears interest at 8% per annum, and contained an option to convert into shares of the Company's common stock at the rate of one share of common stock for each \$0.20 of the note outstanding. In January 2011, BMC agreed to revise and amend the terms of the note to extend the maturity date of such note from February 27, 2011, to February 27, 2013, to increase the amount of notice the Company is required to provide BMC in the event the Company desires to prepay the note from five (5) days to thirty (30) days), to subordinate the security for such note to the Company's obligations due to and in connection with the drilling and completion of the Gujarral Hills development project, and to reduce the conversion rate for amounts outstanding under the Note from \$0.20 per share of the Company's common stock to a rate of \$0.08 per share.

On February 24, 2011, Blast entered into a Note Purchase Agreement (the "Purchase Agreement") and related agreements (as described above) with a Third Party (the "Investor") to fund its Gujarral Hills project and to repay the Sun promissory note. Pursuant to the Purchase Agreement, Blast agreed with the Investor to enter into Secured Promissory Notes in the aggregate principal amount of up to \$2,522,111, with a Senior Secured Promissory Note in the amount of \$2,111,111 (the "First Note") delivered to the Investor at the Closing and a second Note delivered in April 2011 in the amount of \$411,000.

In December 2009, Blast, through a wholly-owned Delaware subsidiary, Blast AFJ, began a private placement offering of the Series A Preferred Stock of its subsidiary corporation to “accredited” investors and “non-U.S. persons” as such terms are defined under the Securities Act of 1933, as amended. Pursuant to the offering, the subsidiary offered up to 10,000,000 shares of its Series A Preferred Stock at a purchase price of \$2.50 per share (\$25,000,000 in total). Each share of the subsidiary’s Series A Preferred Stock is convertible into one share of Blast’s common stock at any time, and automatically converts into shares of Blast’s common stock on the tenth anniversary of the issuance of the Series A Preferred Stock. The offering was in connection with the United States Citizenship and Immigration Service (“USCIS”) EB-5 Program, pursuant to which Blast AFJ was formed as a development stage fossil fuel extraction company, to manage the manufacturing and operation of well drilling units or rigs within the geographic area of a regional center designated by the USCIS pursuant to the EB-5 Immigrant Investor Program. To date, no shares of Series A Preferred Stock of Blast’s subsidiary have been sold and no funds have been raised. Blast intends to include additional disclosure regarding the offering and the business plan of its wholly-owned subsidiary at such time as any securities have been sold in the offering.

In May 2011, Blast obtained a \$100,000 loan from Clyde Berg, who is affiliated with Berg McAfee Companies (“BMC”), the Company’s largest shareholder. The loan bears interest at the rate of 25% per annum. The loan is evidenced by a promissory note payable on May 18, 2012. The loan is guaranteed by Eric McAfee, another affiliate of BMC. The proceeds from this loan will be used to partially cover the cost of testing operations on the Solimar 76-33 well.

In addition to this note, Blast is planning to raise additional capital to cover Blast’s share of the remaining costs for testing the well, or approximately \$163,000. We provide no assurance that financing will be available in amounts or on terms acceptable to us, or at all. If we are unable to fully contribute to our share of the testing costs, then our net revenue interest in this well may be subject to change.

Cash Flows From Operating Activities. Blast had net cash used in operating activities of approximately \$120,000 for the three months ended March 31, 2011 which was mainly due to \$548,000 of loss from continuing operations and \$30,000 of accounts payable, partially offset by \$171,000 of option and warrant expense, \$57,000 of accounts receivable, \$94,000 of accrued expenses and \$47,000 of amortization of debt discount.

Cash Flows from Investing Activities. Blast had net cash provided by investing activities of \$11,000 for the three months ended March 31, 2011 primarily related to proceeds from the sale of assets.

Cash Flows from Financing Activities. Blast had net cash used in financing activities of \$55,000 for the three months ended March 31, 2011, related to payments on short-term debt of \$37,000, borrowings on short-term debt of 84,000 and \$7,500 of proceeds from exercise of warrants.

Recent Accounting Pronouncements

For the period ended March 31, 2011, there were no other changes to our critical accounting policies as identified in our annual report on Form 10-K for the year ended December 31, 2010.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that information is accumulated and communicated to our management, including our principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our principal executive and principal financial officer, the effectiveness of our disclosure controls and procedures as of March 31, 2011, pursuant to Rule 13a-15(b) under the Securities Exchange Act. Based upon that evaluation, our principal executive and principal financial officer concluded that, as of March 31, 2011, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We will continue to evaluate the effectiveness of internal controls and procedures on an on-going basis.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

Quicksilver Resources Lawsuit

In September 2008, Blast and Eagle Domestic Drilling Operations LLC, our wholly-owned subsidiary (“Eagle”), entered into a Compromise Settlement and Release Agreement with Quicksilver Resources, Inc. (“Quicksilver”) in the Court to resolve the pending litigation and the parties agreed to release all claims against one another and certain related parties. Quicksilver agreed to pay Eagle a total of \$10 million of which \$8 million has been received to date. The remaining amount due from Quicksilver is \$2 million (\$1.44 million net of associated legal fees) payable on or before September 2011, the third anniversary date of the execution of the settlement. In the event any fees are not paid on their due date and Quicksilver’s failure to pay is not cured within ten days after written notice, then all of the remaining payments immediately become due and payable. The remaining amounts due from Quicksilver are shown as a current and long-term receivable in the balance sheet, net of contingent legal fees.

General

Other than the aforementioned matters, Blast is not aware of any other pending or threatened legal proceedings. The foregoing is also true with respect to each officer, director and control shareholder as well as any entity owned by any officer, director and control shareholder, over the last five years.

As part of its regular operations, Blast may become party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning its’ commercial operations, products, employees and other matters. Although Blast can give no assurance about the outcome of these or any other pending legal and administrative proceedings and the effect such outcomes may have on Blast, except as described above, Blast believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on Blast’s financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the registrant’s Form 10-K for the fiscal year ended December 31, 2010, filed with the Commission on April 12, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In November 2010, Blast entered into a non-exclusive Placement Agent Agreement with Trident Partners Ltd. (“Trident” and the “Placement Agreement”). Pursuant to the Placement Agreement, Trident agreed to assist Blast in raising capital in a private offering. In connection with Blast’s entry into a Placement Agreement, Blast granted certain affiliates of Trident warrants, exercisable for one year from the date of the agreement, to purchase up to 750,000 shares of Blast’s common stock at an exercise price of \$0.01 per share. In January 2011, the holders of the warrants exercised warrants to purchase 600,000 shares of common stock and purchased 600,000 shares of Blast’s restricted common stock in consideration for \$6,000. Subsequently in March 2011, the holders exercised the remaining warrants to purchase 150,000 shares of common stock and purchased 150,000 shares of Blast's restricted common stock in consideration for \$1,500.

In connection with the Placement Agreement, Blast also agreed to provide Trident a cash fee of 10% of the proceeds received from the sale of any equity or equity-linked securities to any party introduced by Trident (each an “Investor”);

warrants to purchase shares of common stock equal to 10% of the total number of shares of common stock sold or granted in connection with any funding (on similar terms as the Placement Warrants); and Blast agreed to grant Trident a net revenue interest equal to 10% of any interest Blast provided to any Investors in any closing (the "Placement Fees"). The requirement to pay the Placement Fees in connection with any subsequent investment by an Investor continues in effect for 12 months following the expiration of the Placement Agreement, which Placement Agreement had a term of three months.

In May 2011, Blast and the Placement Agent entered into an amendment to the Placement Agreement whereby Trident agreed to accept two year warrants to purchase up to 400,000 shares of the Company's common stock at an exercise price of \$0.01 per share in lieu of the net revenue interest they were to be due pursuant to the terms of the original Placement Agreement. Furthermore, the amendment provided that in the event additional investments are made which fall under the Placement Agreement, Trident would be granted additional warrants similar to the warrants granted pursuant to the amendment, pro rata with the original amount of funding raised.

In February 2011, Blast entered into the Purchase Agreement and delivered to the Investor the First Note (as described above).

In February 2011, Blast sold to the Investor one (1) share of Series B Preferred Stock in connection with and pursuant to the Stock Purchase Agreement (described above).

Additionally, in February 2011, the Company issued 2,766,667 shares of restricted common stock to certain current and retired members of the board of directors (including 1,500,000 shares to Roger (Pat) Herbert, the Chairman of Blast, 1,000,000 shares to Michael L. Petersen, a Director and President, and 266,667 shares to Joseph J. Penbera, a former Director) in payment of deferred board fees accrued from October 2008. Fees were converted into shares based on the closing market price of the Company's stock on February 2, 2011, or at \$0.09 per share.

Additionally, in February 2011, the Board of Directors granted an aggregate of 2,000,000 non-qualified stock options under Blast's 2009 Stock Incentive Plan, to certain officers and Directors of the Company in consideration for services rendered, including 1,000,000 to Michael L. Petersen, 700,000 to Andrew Wilson, an employee and non-executive Vice President, and 300,000 to John MacDonald, Blast's Chief Financial Officer. The options vested immediately, had a term of 10 years, and an exercise price of \$0.09 per share.

In April 2011, Blast and the Investor entered into the Second Note (as described above).

Blast claims an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended (the "Act") for the above grants, issuances and sales, since the transactions involving such grants, issuances and sales did not involve a public offering, the recipients took the securities for investment and not resale, and Blast took appropriate measures to restrict transfer.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description
Exhibit 3.1	Amended and Restated Certificate of Designation of Series A Preferred Stock Filed January 13, 2011 with the SEC, Form 8-K
Exhibit 3.2	Certificate of Designation of Blast's Series B Preferred Stock

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Filed March 2, 2011 with the SEC, Form 8-K

Exhibit 10.1 Asset Purchase Agreement with GlobaLogix, Inc.
Filed on January 5, 2011 with the SEC, Form 8-K

Exhibit 10.2 Amendment No. 1 to 2008 Promissory Note with Berg McAfee Companies, LLC
Filed on January 13, 2011 with the SEC, Form 8-K

Exhibit 10.3	Amendment No. 1 to 2008 Promissory Note with BMC Filed January 13, 2011 with the SEC, Form 8-K
Exhibit 10.4	Note Purchase Agreement Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.5	Senior Secured Promissory Note (First Tranche) Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.6	Senior Secured Promissory Note (Second Tranche) Filed April 4, 2011 with the SEC, Form 10-K
Exhibit 10.7	Guaranty Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.8	Security Agreement Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.9	Stock Purchase Agreement Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.10	Royalty Payment Letter Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.11	Subordination and Intercreditor Agreement Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 10.12	Placement Agent Agreement Filed March 2, 2011 with the SEC, Form 8-K
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Blast Energy Services, Inc.

Date: May 23, 2011

By: /s/ Michael L. Peterson
Michael L. Peterson
Interim President and CEO
(Principal Executive Officer)

Date: May 23, 2011

By: /s/ John MacDonald
John MacDonald
Chief Financial Officer
(Principal Accounting Officer)