

BLAST ENERGY SERVICES, INC.

Form 10-Q

November 14, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the quarterly period ended September 30, 2011

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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from to

000-53725
(Commission file number)

Blast Energy Services, Inc.
(Exact name of registrant as specified in its charter)

Texas
22-3755993
(State or other jurisdiction of
incorporation or organization)
(IRS Employer
Identification No.)

14550 Torrey Chase Blvd, Suite 330
Houston, Texas 77014
(Address of principal executive offices)

(281) 453-2888

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(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, and accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

As of November 14, 2011, 71,425,905 shares of the registrant's common stock, \$0.001 par value per share, were outstanding, including 1,150,000 approved but unissued shares arising from the class action settlement from 2005.

Blast Energy Services, Inc.

For the Nine Months Ended September 30, 2011

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BLAST ENERGY SERVICES, INC.
 CONSOLIDATED BALANCE SHEETS
 (unaudited)

September 30,
 2011

December 31,
 2010

Assets

Current Assets:

Cash	\$ 38,786	\$ 373,470
Restricted cash	100,000	0
Accounts receivable, net	3,894	19,466
Prepaid and other assets	89,748	36,203
Other current receivable	0	1,440,000
Total Current Assets	232,428	1,869,139

Non-Current Assets:

Oil and gas properties – full cost method

Proved oil and gas properties, subject to amortization	1,191,396	1,191,488
Unproved oil and gas properties, not subject to amortization	2,302,489	0
Less: accumulated depletion and impairment	(129,892)	(69,432)
Total oil and gas properties, net	3,363,993	1,122,056
Equipment, net of accumulated depreciation and impairment of \$782,420 and \$751,386	412,085	470,776
Option on oil and gas properties	0	100,000
Assets from discontinued operations – held for sale	0	65,626
Total Assets		

\$ 4,008,506 \$ 3,627,597

Liabilities and Stockholders' Equity

Current Liabilities:

Accounts payable		
\$ 111,993	\$ 29,575	
Accrued expenses		
858,921	447,173	
Accrued expenses – related party		
331,775	255,397	
Note payable – related party		
106,150	0	
Note payable – other		
22,004	4,400	
Note payables – other, net of discount of \$65,873 and \$14,028		
1,209,194	255,972	
Total Current Liabilities		
2,640,037	992,517	

Long-Term Liabilities:

Notes payable – related party		
1,120,000	1,120,000	
Asset retirement obligations		
12,340	10,862	
Total Liabilities		
3,772,377	2,123,379	

Stockholders' Equity:

Preferred stock, \$0.001 par value, 20,000,000 shares authorized:

Series A - 6,000,000 shares issued and outstanding		
6,000	6,000	

Series B – zero shares issued and outstanding		
0	0	

Common stock, \$0.001 par value, 180,000,000 shares authorized; and outstanding		71,425,905 and 67,909,238 shares issued
71,426	67,909	

Additional paid-in capital		
75,962,396	75,492,738	

Accumulated deficit		
(75,803,693)	(74,062,429)	

Total Stockholders' Equity		
236,129	1,504,218	

Total Liabilities and Stockholders' Equity		
\$ 4,008,506	\$ 3,627,597	

See accompanying notes to unaudited consolidated financial statements.

BLAST ENERGY SERVICES, INC.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 For the Three and Nine Months Ended September 30, 2011 and 2010
 (unaudited)

For the Three Months
 Ended
 September 30,

For the Nine Months
 Ended
 September 30,

2011

2010

2011

2010

Revenue:

\$ 95,942 \$ 0 \$ 339,011 \$ 0

Operating Expenses:

Cost of sales - services

989 27,634 7,869 77,523

Lease operating costs

65,385 - 200,957 -

Selling, general and administrative expense

181,449 147,027 876,709 480,764

Depreciation - services

15,332 31,993 46,174 103,729

Depletion and amortization – oil and gas

20,814 0 60,460 0

Accretion expense

555 0 1,570 0

(Gain) Loss on disposal of equipment

(3,900) (3,667) (2,585) (3,667)

Total operating expenses

280,624 202,987 1,191,154 658,349

Operating Loss

(184,682) (202,987) (852,143) (658,349)

Other income (expense):

Other income

0 84 0 2,158

Interest income

0 0 0 16

Interest expense

(517,359) (23,716) (885,434) (70,273)

Total other income (expense)

(517,359) (23,632) (885,434) (68,099)

Loss from continuing operations

(702,041) (226,619) (1,737,577) (726,448)

Income (Loss) from discontinued operations

0 (5,235) (3,686) 4,240

Net Loss

\$ (702,041) \$ (231,854) \$ (1,741,263) \$ (722,208)