

BLAST ENERGY SERVICES, INC.
Form 10QSB
November 16, 2007

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

**333-64122
(Commission file number)**

**Blast Energy Services, Inc.
(Exact name of small business issuer as specified in its charter)**

**California
(State or other
jurisdiction of
incorporation or
organization)**

**22-3755993
(IRS Employer
Identification No.)**

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

**(281) 453-2888
(Issuer's telephone number)**

(Former name, former address and former fiscal year, if changed since last report)

Edgar Filing: BLAST ENERGY SERVICES, INC. - Form 10QSB

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 x No "**

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13, & 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. **Yes x No "**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes " No x

The number of shares outstanding of each of the issuer's classes of common equity as of November 12, 2007 is 51,127,404

The common stock of Blast Energy Services, Inc. is traded on the OTC Bulletin Board under the symbol "BESV".

Transitional Small Business Disclosure Format (check one): **Yes " No x**

BLAST ENERGY SERVICES, INC.
(Debtor and Debtor-in-Possession)

Item	Description	Page
Part I – FINANCIAL INFORMATION		
Item 1	Financial Statements	F-1
	Consolidated Balance Sheets as of September 30, 2007 and December 31, 2006 (unaudited)	F-1
	Consolidated Statements of Operations, for the three and nine months ended September 30, 2007 and 2006 (unaudited)	F-2
	Consolidated Statements of Cash Flow, for the nine months ended September 30, 2007 and 2006	F-3
	Notes to Consolidated Financial Statements	F-4
Item 2	Management’s Discussion and Analysis of Financial Condition or Plan of Operation	F-12
Item 3	Controls and Procedures	F-15
Part II – OTHER INFORMATION		
Item 1	Legal Proceedings	3
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	5
Item 3	Defaults Upon Senior Securities	5
Item 4	Submission of Matters to a Vote of Security Holders	5
Item 5	Other Information	5
Item 6	Exhibits	5
	Signatures	6

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BLAST ENERGY SERVICES, INC.
(DEBTOR AND DEBTOR-IN-POSSESSION)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2007	December 31, 2006
Assets		
Current Assets:		
Cash	\$ 72,718	\$ 1,534,603
Restricted cash	-	56,631
Accounts receivable, net	90,373	118,410
Current assets of discontinued operations	682,500	2,612,126
Other assets	88,237	76,580
Total Current Assets	933,828	4,398,350
Intellectual property, net of accumulated amortization of \$174,107 and \$111,429	995,893	1,058,571
Equipment, net of accumulated depreciation of \$33,337 and \$38,171	1,045,778	1,109,455
Non-current assets of discontinued operations	-	45,363,366
Total Assets	\$ 2,975,499	\$ 51,929,742
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	\$ 1,031,035	\$ 455,967
Accrued expenses	888,601	465,280
Deferred revenue	11,080	6,780
Advances-related parties	1,300,000	1,000,000
Notes payable	573,293	542,500
Senior debt	2,100,000	-
Current liabilities of discontinued operations	2,133,869	43,539,836
Total Current Liabilities	8,037,878	46,010,363
Long Term Liabilities:		
Deferred revenue, less current portion	-	44,150
Long term liabilities of discontinued operations	-	4,692,750
Total Liabilities	8,037,878	50,747,263
Commitments and Contingencies	-	-
Stockholders' Equity (Deficit):		
Common Stock, \$.001 par value, 100,000,000 shares authorized; 51,127,404 shares issued and outstanding	51,127	67,610
Additional paid-in capital	70,359,869	69,116,253
Accumulated deficit	(75,473,375)	(68,001,384)

Edgar Filing: BLAST ENERGY SERVICES, INC. - Form 10QSB

Total Stockholders' Equity (Deficit)	(5,062,379)	1,182,479
Total Liabilities and Stockholders' Equity (Deficit)	\$ 2,975,499	\$ 51,929,742

See accompanying notes to consolidated financial statements

F-1

BLAST ENERGY SERVICES, INC.
(DEBTOR AND DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF OPERATIONS
Nine and Three Months Ended September 30, 2007 and 2006
(Unaudited)

For the Three Months Ended		For the Nine Months Ended	
September 30,		September 30,	
2007	2006	2007	2006

Revenue: