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

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) August 25, 2006

Blast Energy Services, Inc.

(Exact name of registrant as specified in its charter)

California
(State or Other Jurisdiction of Incorporation)

333-64122	**22-3755993**
(Commission File Number)	**(I.R.S. Employer Identification No.)**
14550 Torrey Chase Boulevard, Suite 330 Houston, Texas	**77014-1022**
(Address of Principal Executive Offices)	**(Zip Code)**

(281) 453-2888
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the exchange Act (17 CFR 250.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 250.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 250.13e-4(c))

ITEM 1.01 Entry into a Material Definitive Agreement
ITEM 2.01 Completion of Acquisition or Disposition of Assets
ITEM 2.03 Creation of a Direct Financial Obligations or an Obligation under an Off-Balance Sheet Arrangement of a Registrant
ITEM 3.02 Unregistered Sale of Equity Securities

Transaction

On August 25, 2006 Blast Energy Services, Inc. ("Blast") completed the acquisition of Eagle Domestic Drilling Operations, LLC, a Texas limited liability company ("Eagle") under a Definitive Purchase Agreement ("the Agreement") dated June 28th, 2006 as amended by the Extension Agreement dated August 3, 2006 and as further amended by the Amendment Agreement dated August 25, 2006 for $50 million in cash and 1.5 million shares of Blast common stock. Blast acquired Eagle, a privately held Texas-based drilling rig contractor from the members of the privately held company ("the Members"). The acquisition of Eagle is being financed with an investment through a securities purchase agreement made by Laurus Master Fund Ltd. ('Laurus") of $40.6 million and associated note and warrants, along with a private placement of common equity, and associated warrants, to the former Members of Eagle.

Eagle Drilling Business

Eagle is a Texas based drilling contractor, which currently operates three revenue producing drilling rigs, and has an additional two rigs under final construction that are scheduled for customer delivery in October, 2006. A sixth rig is under contract to be built for customer delivery in late 2006. Five of the six rigs are signed to two-year term drilling contracts with two major Texas based independent oil & gas companies. The first rig commenced operation in February, 2006 in Arkansas and, since that time, the two other operating rigs have commenced operation so that two are now drilling in Arkansas and one in Texas. These customers operate the rigs in the prolific Barnett Shale play in Texas and the emerging Fayetteville Shale play in Arkansas. These customer drilling contracts were assigned to Eagle as part of the acquisition. In addition to the drilling rig crews associated with the rigs being transferred to Blast, Richard D. Thornton, the VP of Operations for Eagle Domestic Drilling Operations LLC, will be joining the Blast senior management team in the same capacity. Mr. Thornton has entered into an Employment Agreement with Blast for a period of 12 months at a salary of $150,000 per year, with associated bonuses, benefits, and stock options. The Employment Agreement automatically renews each year. Mr. Thornton a former membership interest holder in Eagle, became a major shareholder of Blast following the transaction.

As part of the Agreement, $1 million of the purchase price is being held back by Blast to be released based on funding needs associated with the completion of the fourth and fifth drilling rigs which are under final construction. These monies are expected to be fully released during the construction period and upon the delivery into service of the two rigs in October, 2006.

Blast has also entered into a consulting contract with Second Bridge LLC, ("Second Bridge") a privately held Oklahoma limited liability company for the completion of Rig# 17, a sixth rig ("Rig# 17 Contract"). The Rig# 17 Contract calls for the utilization of existing parts purchased as part of the acquisition, the payment of an estimated $2.4 million to vendors for parts and labor, and the delivery of 900,000 shares of Blast common stock to Second Bridge. The rig is expected to be completed in late 2006. As part of the Rig# 17 Contract, Second Bridge agreed to grant Blast a right of first refusal on any drilling rigs built by Second Bridge for a period of two years. Blast has also entered into a consulting contract with Second Bridge for a period of three years at $150,000 per month to provide such services as are agreed to between the parties, including operational, construction, and business development advisory services. Second Bridge is a manager managed limited liability company affiliated with Rodney Thornton. Thornton Business Security Trust, is the holder of 12,622,500 shares of Blast.

Financing

As part of the financial consideration of the purchase, Blast entered into a Securities Purchase Agreement ("SPA") dated August 25, 2006 with Laurus to finance $40.6 million of the total purchase price. Under the SPA Blast issued a Secured Term Note ("the Note") dated August 25, 2006 in the original principal amount of $40.6 million with a final maturity in three years, with interest at prime plus 2.5%, with a minimum rate of 9%, payable quarterly. The principal is to be repaid commencing April 1st, 2007 at a rate of $800,000 per month for the first twelve months from that date, $900,000 per month for the subsequent twelve months and $1million per month until the Note matures. The remaining balance of the Note is to be paid at maturity with any associated interest. Blast may elect to repay the note at any time during the first twelve month at 110% of principal plus accrued interest, during the second twelve months at 105% of principal plus accrued interest and during the final twelve months at 100% of principal plus accrued interest. The SPA required the additional payment to Laurus of 3.5% of the total value of the total value of the investment of $40.6 million at closing. The SPA further required the issuance of Common Stock Purchase Warrants ("Warrants") to purchase 6,090,000 shares of commons stock of Blast at an exercise price of $1.44 per share, and an additional 6,090,000 shares of common stock at an exercise price of $0.01 per share. The Warrants have a seven year term and require Blast to file a registration statement to register the underlying shares with 60 days after closing and to obtain effectiveness with the SEC within 180 days after closing. If the Company fails to timely file the registration statement or have the registration statement declared effective within 180 days from the date of the Warrants, it may incur liquidated damages at a monthly rate of 0.75% of the value of the investment per month with a cap of 7.5% of the amount of the debt. In addition, liquidated damages may also be incurred if shares underlying the Warrants become unregistered for specified times prior to maturity. Laurus has agreed not to sell any of the underlying shares of common stock for a period of 12 months and not to "short" the Company's stock in the publicly traded markets. Blast and Eagle have pledged their assets to Laurus in consideration for the investment, including the assets acquired in conjunction with the purchase. In addition, under the SPA, Blast agreed to restrictions on any dividends or distributions on its capital stock, agreed to not issue any short-term preferred stock, and agreed to not incur any indebtedness outside of the indebtedness to Laurus, other than for certain amounts of trade debt and certain outstanding indebtedness. The Laurus financing was privately arranged through a broker whose fees are payable in cash in the amount of 2 % of the principal amount of the facility and warrants with a two year term to purchase 304,500 shares of common stock of Blast at $0.01 per share.

In connection with the financing of the transaction, the former Members of Eagle agreed to purchase 15 million shares of Blast's common stock at a purchase price of $1.00 per share and receive warrants to purchase 5 million shares of Blast's common stock at a price of $0.01 per share with a two year term. The warrant agreements requires Blast to register the underlying shares of common stock with no holding period required.

Item 9.01. Financial Statements and Exhibits.
The financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) are not currently available. Such financial information will be filed no later than November 4, 2006.

(c) Exhibits.

SIGNATURES

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

BLAST ENERGY SERVICES, INC.
(Registrant)

Dated: August 30, 2006

By: /s/ David M. Adams
David M. Adams
Chief Operating Officer

Dated: August 30, 2006

By: /s/ John O'Keefe
John O'Keefe
Chief Financial Officer

INDEX TO EXHIBIT

Exhibit No.	Description
2.1	Definitive Purchase Agreement between Blast Energy Services, Inc. and Eagle Domestic Drilling Operations, LLC dated June 28, 2006, as amended by that certain Extension of the Definitive Purchase Agreement between Blast Energy Services, Inc. and Eagle Domestic Drilling Operations, LLC dated August 3, 2006, and further amended by the Amendment Agreement to the Definitive Purchase Agreement and the Extension of the Definitive Purchase Agreement between Blast Energy Services, Inc. and Eagle Domestic Drilling Operations, LLC dated August 25, 2006.
4.1	Secured Term Note in the original principal amount of $40.6 million by Blast Energy Services Inc. in favor of Laurus Master Fund, LTD. dated August 25, 2006.
4.2	Common Stock Purchase Warrant between Laurus Master Fund, LTD. And Blast Energy Services Inc. dated August 25, 2006 ($1.44 exercise price).
4.3	Common Stock Purchase Warrant between Laurus Master Fund, LTD. And Blast Energy Services Inc. dated August 25, 2006 ($0.01 exercise price).
4.4	Registration Rights Agreement dated August 25, 2006 by and between Blast Energy Services, Inc. and Laurus Master Fund LTD.
4.5	Form of Warrant Agreement dated August 25, 2006 between Blast Energy Services, Inc. and the investors named therein.
4.6	Form of Registration Rights Agreement dated August 25, 2006 between Blast Energy Services, Inc. and the investors named therein.
10.1	Consulting Services Agreement between Blast Energy Services, Inc. and Second Bridge, LLC dated August 25, 2006.
10.2	Rig #17 Consulting Agreement between Blast Energy Services, Inc. and Second Bridge, LLC dated August 25, 2006.
10.3	Employment Agreement between Richard D. Thornton, Jr. and Blast Energy Services Inc. dated August 25, 2006.
10.4	Securities Purchase Agreement between Laurus Master Fund, LTD. And Blast Energy Services Inc. dated August 25, 2006.
10.5	Master Security Agreement between Laurus Master Fund, LTD. And Blast Energy Services Inc. dated August 25, 2006.
10.6	Member Pledge Agreement between Laurus Master Fund, LTD. And Blast Energy Services Inc. dated August 25, 2006.
10.7	Intellectual Property Security Agreement dated August 25, 2006 by Blast Energy Services, Inc., Eagle Domestic Drilling Operations LLC in favor of Laurus Master Fund, LTD.
10.8	Subsidiary Guaranty dated August 25, 2006 by Eagle Domestic Drilling Operations LLC in favor of Laurus Master Fund, LTD.
10.9	Collateral Assignment dated August 25, 2006 by Blast Energy Services, Inc. to Laurus Master Fund, LTD.

Exhibit 2.1

DEFINIITIVE PURCHASE AGREEMENT

THIS DEFINITIVE PURCHASE AGREEMENT (this **"Agreement"**), dated as of June 28TH, 2006, ("**Effective Date**") is entered into by and between the Members of Eagle Domestic Drilling Operations LLC, a Texas limited liability company ("**Eagle**") (the Members of Eagle are referred to herein as the **"Sellers"**), and Blast Energy Services, Inc., a California corporation, (the **"Buyer"**), (each of the Buyer and the Sellers, being sometimes referred to herein as a **"Party"** and collectively as the **"Parties"**).

WITNESSETH

WHEREAS, the Sellers are the Members of Eagle; and

WHEREAS, the Sellers desire to sell their membership interests in Eagle (the "**Membership Interests**") to the Buyer complete with Eagle's assets and liabilities as of the Closing Date upon the terms and conditions set forth herein. Eagle Financial Statements are set forth in Exhibit B attached hereto;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Buyer and the Sellers hereby agree as follows:

ARTICLE 1

SALE AND PURCHASE OF THE MEMBERSHIP INTERESTS IN EAGLE

Section 1.1 Sale and Purchase of the Membership Interests. Upon the terms and subject to the conditions of this Agreement, the Sellers hereby agree to sell to the Buyer, and the Buyer hereby agrees to purchase from the Sellers, 100% of their Membership Interest in Eagle for the consideration of Buyer paying the following: (a) the cash sum of Forty Nine Million U.S. Dollars (US$49,000,000.00) delivered to the Sellers as provided on Exhibit C which is attached to this Agreement on or before the Closing Date; (b) the cash sum of One Million U.S. Dollars (US$1,000,000.00) paid into Escrow as provided on Exhibit C which is attached to this Agreement on or before the Closing Date; and (c) to the Sellers five hundred thousand shares (500,000) of common stock in Buyer at a valuation price calculated as follows: the five (5) day rolling average hi/lo mean price of the Buyer's common stock for the five (5) Business Days preceding the Closing Date distributed as provided on Exhibit C which is attached to this Agreement on or before the Closing Date (altogether referred to herein as the "**Purchase Price")**.

Section 1.2 Closing.

(a) The Closing. The closing of the purchase and sale of the Membership Interests in Eagle to the Buyer (the "**Closing**") shall take place in accordance with the terms of this Agreement in the general area of Dallas/Fort Worth, Texas at a location to be mutually agreed upon by the Parties prior to Closing and on a Business Day to be mutually agreed upon by the Buyer and the Sellers (the **"Closing Date"**). The Closing must occur on or before August 4, 2006, or this Agreement may be terminated by either Party by delivering written notice to the other Party. On or before the Closing Date, the Buyer and the Sellers agree to comply with their respective obligations set out in this Agreement.

(b) Payment of the Purchase Price. Upon Closing of this transaction between the Buyer and the Sellers, Buyer shall deliver to Sellers the Purchase Price. The Purchase Price shall be delivered to each Seller pro rata based on the relative percentage interest in Eagle represented by such Seller's Membership Interests as set forth in Exhibit C. The cash payment portion of the Purchase Price shall be made at or prior to Closing by wire transfer of same day funds in accordance with the wire transfer instructions which shall be attached as an "Exhibit C" to this Agreement on or after the Effective Date and signed by the Parties. The common stock portion of the Purchase Price shall be made at or prior to the Closing by executing and delivering the award of unregistered common stock evidenced by the form with restrictive legend attached as Exhibit D to this Agreement on or after the Effective Date and signed by the Parties.

(c) Closing Conditions of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of the following closing conditions:

(i) Buyer obtains financing necessary to pay the Purchase Price;

(ii) the Sellers complete the closing deliveries set out in Section 1.2(f);

(iii) the representations and warranties of the Sellers shall have been true and correct when made and shall be true and correct as of the Closing with the same force and effect as if made as of the Closing;

(iv) any notice or approvals to or of any federal, state or foreign governmental authority with respect to the transactions contemplated hereby shall have been either filed or received;

(v) no preliminary or permanent injunction or statute, rule, regulation or order that would prohibit or restrain the consummation of the transactions contemplated hereunder shall be in effect and no Governmental Authority or other person or entity shall have commenced or threatened to commence an action or proceeding seeking to enjoin the consummation of such transactions or to impose liability on any of the Parties hereto in connection therewith; and.

(vi) the approval of the board of directors and, if necessary as determined by Buyer, the shareholders of the Buyer

(d) Closing Conditions of the Sellers. The obligation of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of the following closing conditions:

(i) the Buyer completes the closing deliveries set out in Section 1.2(e);

(ii) the representations and warranties of the Buyer shall have been true and correct when made and shall be true and correct as of the Closing with the same force and effect as if made as of the Closing; and

(iii) any notice or approvals to or of any federal, state or foreign governmental authority with respect to the transactions contemplated hereby shall have been either filed or received;

(iv) no preliminary or permanent injunction or statute, rule, regulation or order that would prohibit or restrain the consummation of the transactions contemplated hereunder shall be in effect and no Governmental Authority or other person or entity shall have commenced or threatened to commence an action or proceeding seeking to enjoin the consummation of such transactions or to impose liability on any of the Parties hereto in connection therewith; and

(v) the approval of the members of the Company

(e) Closing Deliveries of the Buyer. At the Closing, the Buyer shall deliver, or shall cause to be delivered:

(i) the Purchase Price;

(iii) Employment or Consulting Agreements between Buyer and Richard D. Thornton and two rig managers in form and substance acceptable to Sellers and duly executed by Buyer;

(iv) good standing certificates for Buyer from the Secretary of State for the States of California dated on or within twenty-five (25) days of the Closing Date; and

(vi) a certificate from the Buyer dated the Closing Date and signed by a duly authorized officer thereof certifying that: (1) the representations and warranties of the Buyer were true and correct when made and are true and correct as of the Closing Date; and (2) the Buyer has and will comply with all of its covenants and agreements contained in this Agreement.

(f) Closing Deliveries of the Sellers. At the Closing, the Sellers shall deliver, or shall cause to be delivered:

(i) An assignment signed by all the Members of Eagle transferring 100% of their Membership Interests to the Buyer free and clear of all Encumbrances in form and substance acceptable to the Buyer;

(ii) A good standing certificate for Eagle from the Secretary of State for the State of Texas dated on or within twenty-five (25) days of the Closing Date;

(iii) A receipt signed by the Sellers for the Purchase Price;

(iv) An agreement that will provide for the completion of five working drilling rigs, understanding that, as of the Effective Date, as disclosed on Exhibit B, that two drilling rigs that are a part of the Inventory of the Company remain to be completed with estimated delivery dates of August 30, 2006 for one and October 1, 2006 for the other. At such time as the final two drilling rigs disclosed on Exhibit B become working rigs, the Escrowed Funds shall be paid to the Sellers as set forth on Exhibit C.

(v) Provide an agreement that, for a period of forty-five (45) days after the Closing Date,if required, Transition Services, consisting of billing, collection, accounting, administrative, and clerical services, shall be supplied to the Buyer;

(v) An Assignment Agreement substantially in the form attached marked Exhibit F.

(vi) A certificate from the Sellers to be signed by the Sellers certifying that: (A) the representations and warranties of the Sellers were true and correct when made and are true and correct as of the Closing Date; and (B) the Sellers complied in all material respects with all of its covenants and agreements contained in this Agreement.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLERS

As an inducement to the Buyer to enter into this Agreement, the Sellers, including such individuals, entities, or trusts represent and warrant to the Buyer as of the date hereof and as of the Closing Date that:

Section 2.1 Organization, Existence and Corporate Power. Eagle is a limited liability company duly organized and validly existing under the laws of the State of Texas, and the Sellers are the record and beneficial members of Eagle and have all requisite power and authority to execute, deliver and perform their obligations under this Agreement and the other documents, certificates and instruments contemplated hereby.

Section 2.2 Authorization and Execution. The execution, delivery and performance of this Agreement and the other documents, certificates and instruments contemplated hereby and the consummation of the transactions contemplated hereby have been duly and fully authorized and approved by all requisite action on the part of the Sellers whether individuals, entities, or trusts. This Agreement has been, and when executed and delivered, each other document, certificate and instrument required to be executed will have been, duly executed and delivered by the Sellers and constitutes the legal, valid and binding obligation of the Sellers enforceable against them in accordance with the terms hereof and thereof.

Section 2.3 No Conflict. Neither the execution, delivery or performance by the Sellers of this Agreement, nor the consummation of the transactions contemplated hereby will violate or contravene any judgment, decree, order or award of any court or other Governmental Authority or any law, rule or regulation applicable to the Sellers or conflict with result in a breach of, or constitute a default under, any agreement, instrument or contractual obligation to which the Sellers as a party are bound.

Section 2.4 Title; No Encumbrances. The Sellers have good, valid, indefeasible and merchantable title to the Membership Interests which are free and clear of all outstanding options, outstanding warrants, mortgages, security interests, debts, claims, liens, libels and encumbrances of any kind whatsoever, including, without limitations, any sale agreements or similar agreements whether recorded or unrecorded (collectively, the **"Encumbrances"**) .The Sellers hereby agree to defend, protect, indemnify and hold harmless the Buyer against any and all costs, expenses, losses, damages, suits, claims or proceedings arising from Encumbrances on the Membership Interests that (i) exist prior to the Closing; or (ii) exist prior to the Closing and, notwithstanding the Sellers' covenants, representations and warranties herein, still exist after the Closing, in both instances, irrespective of when such costs, expenses, losses, damages, suits, claims or proceedings are incurred or raised, as applicable.

Section 2.5 Litigation. There is no known legal action, suit, arbitration, government investigation or other legal or administrative proceedings, nor any order, decree or judgment pending, in effect, or threatened against or relating to the Sellers, which in any manner would impair or impede or conflict with any of the transactions contemplated by this Agreement.

Section 2.6 Taxes. Sellers have duly and timely prepared and filed with the appropriate Governmental Authorities all returns, reports, information returns, or other documents filed or required to be filed by the Sellers with such Governmental Authorities and paid any taxes or other amounts due upon the Effective Date in respect thereof that if unpaid could result in a claim by any Governmental Authority against the Buyer.

Section 2.7 No Brokers. Sellers have not employed or contracted with any agents, brokers, or other persons to receive any commission or compensation related to the consummation of the transaction contemplated by this Agreement and Buyer shall not be liable for any such payments.

Section 2.8 Securities Representations. Each of the Sellers are an "accredited investor" as defined in Rule 501 under the Securities Act of 1933, as amended (the "Securities Act"). The common stock in the Buyer which is a part of the Purchase Price will be acquired for investment for Seller's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and Sellers have no present intention of selling, granting any participation in, or otherwise distributing the same. Each Seller further represents that it does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person with respect to any of the common stock in the Buyer. Each Seller acknowledges that neither Buyer nor any of their respective officers, directors, employees, owners, affiliates, attorneys, agents or advisors has offered or sold the common stock in Buyer which is a part of the Purchase Price by any form of general solicitation or general advertising, including, but not limited to, (a) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio or (b) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

Section 2.9 Exemption from Registration; Restricted Securities. Sellers understand that the delivery of the common stock may not as of the Closing Date be registered under the Securities Act on the basis that such transfer provided for in this Agreement is exempt from registration under the Securities Act, and that the reliance of Buyers on such exemption is predicated in part on Seller's representations set forth in this Agreement. Buyer understands that the common stock may be "restricted securities" within the meaning of Rule 144 under the Securities Act, and may be held pursuant to the requirements of Rule 144 unless they are subsequently registered or an exemption from such registration is available.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE BUYER

As an inducement to the Sellers to enter into this Agreement, the Buyer represents and warrants to the Sellers, except as otherwise specifically indicated in a representation or warranty below, as of the date hereof and as of the Closing Date that:

Section 3.1 Organization, Existence and Corporate Power. The Buyer is a corporation duly organized and validly existing under the laws of the State of California, and has all requisite power and authority to execute, deliver and perform its obligation under this Agreement and the other documents, certificates and instruments contemplated hereby.

Section 3.2 Authorization and Execution. The execution, delivery and performance of this Agreement and the other documents, certificates and instruments contemplated hereby and the consummation of the transactions contemplated hereby have been duly authorized and approved by all requisite actions of the Buyer. This Agreement has been, and when executed and delivered, each other document, certificate and instrument required to be executed will have been, duly executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against it in accordance with its terms.

Section 3.3 No Conflict. Neither the execution, delivery or performance by the Buyer of this Agreement and the other documents, certificates and instruments contemplated hereby, nor the consummation of the transactions contemplated on behalf of the Buyer hereby, will violate or contravene the Certificate of Formation or by-laws, articles, or filings of the Buyer with any Governmental Authority including, but not limited to, the U.S. Securities and Exchange Commission (**"SEC")**, or violate or contravene any judgment, decree, order or award of any court or other Governmental Authority or any law, rule or regulation applicable to the Buyer or any of its property or assets, or conflict with, result in a breach of, or constitute a default under, any agreement, instrument or contractual obligation to which the Buyer is a party or by which it or its common stock shares are bound.

Section 3.4 No Brokers. Buyers have not employed or contracted with any agents, brokers, or other persons to receive any commission or compensation related to the consummation of the transaction contemplated by this Agreement and Sellers shall not be liable for any such payments.

Section 3.5 Litigation. There are no undisclosed material legal actions, suits, arbitrations, Governmental Authority investigations, SEC filings, or order on the Buyer or other legal or administrative proceedings, nor any order, decree or judgment pending, in effect, or threatened against the Buyer, which in any manner would impair or impede the transactions contemplated by the Agreement.

Section 3.6 Capital Stock. The authorized capitalcapital stock of Buyer consists of 100,000,000 shares of Common Stock, no par value, 44,000,000 shares (approximately)of which are issued and outstanding as of the Effective Date, and 8,000,000 shares are reserved for issuance under outstanding stock options and warrants. Except as described in the preceding sentence, there are no other outstanding stock options, warrants, phantom stock rights, convertible or exchangeable securities or other commitments (other than this Agreement and the other agreements related hereto) pursuant to which Buyer is or may become obligated to issue, sell, purchase or redeem any shares of capital stock or other securities of Buyer as of the Effective Date but subject to the possible issuance of additional securities by the Buyer in connection with obtaining financing for the transactions contemplated by this Agreement.

Section 3.7 Securities Filings. Buyer has furnished to the Sellers for their examination all information filed with the SEC by Buyer, or otherwise required to be provided to the SEC by Buyer in accordance with the rules and regulations of the SEC, since January 1, 2005 (the "**SEC Filings**").

Section 3.8 Compliance with Securities Laws. All of the outstanding shares of Buyer's capital stock have been issued in compliance with all applicable state and federal securities laws and are duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights, contractual rights to purchase and similar rights except as set forth in the SEC Filings. The shares of Buyer's Common Stock to be issued and sold by Buyer pursuant to the Warrant Agreement have been duly authorized and, upon exercise of the Warrant Agreement in accordance with the terms thereof, will have been validly issued, fully paid and nonassessable.

Section 3.9 Investigation. Buyer has performed its own due diligence review of Eagle and has had access to such financial and other information concerning Eagle and the Membership Interests it has deemed necessary in connection with its decision to purchase the Membership Interests. Buyer acknowledges that the information provided or to be provided to it by or on behalf of Eagle or the Sellers is confidential and shall remain and be held as confidential along with any and all information provided pursuant to this Agreement and during due diligence all of which shall remain confidential after Closing. The Buyer agrees to be bound by this confidentiality agreement during the period after the Effective Date and beyond the Closing which agreement would also survive Termination of this Agreement.

Section 3.10 Securities Representations. Buyer is an "accredited investor" as defined in Rule 501 under the Securities Act of 1933, as amended (the "Securities Act"). The Membership Interests will be acquired for investment for Buyer's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and Buyer has no present intention of selling, granting any participation in, or otherwise distributing the same. Buyer further represents that it does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person with respect to any of the Membership Interests. Buyer acknowledges that neither Eagle nor Sellers nor any of their respective officers, directors, employees, owners, affiliates, attorneys, agents or advisors has offered or sold the Membership Interests to Buyer by any form of general solicitation or general advertising, including, but not limited to, (a) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio or (b) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

Section 3.11 Exemption from Registration; Restricted Securities. Buyer understands that the sale of the Membership Interests will not be registered under the Securities Act on the basis that such sale provided for in this Agreement is exempt from registration under the Securities Act, and that the reliance of Sellers on such exemption is predicated in part on Buyer's representations set forth in this Agreement. Buyer understands that the Membership Interests are "restricted securities" within the meaning of Rule 144 under the Securities Act, and must be held pursuant to the requirements of Rule 144 unless they are subsequently registered or an exemption from such registration is available.

Section 3.12 Registration Rights. Buyer is obligated to register the shares of its Common Stock underlying the Purchase Price transferred to the Sellers who shall become Holders, as used herein, in any subsequent registration statement filed by Buyer for its own account or the account of any other shareholders with the SEC, so that holders of such Common Stock shall be entitled to sell the same simultaneously with and upon the terms and conditions as the securities sold for the account of Buyer or any other shareholders are being sold pursuant to any such registration statement, subject to reasonable and customary lock-up provisions as may be proposed by the underwriter of said registration statement and agreed to by the investors ("Piggyback Registration Right"). In Addition, upon the receipt by Buyer of a written Request from a Holder for the registration of all or any portion of the Shares of Common Stock underlying the Purchase Price, at any time that is at least 30 days after the date of this Agreement, Buyer shall prepare and file, within 90 days after receipt of such Request, a registration statement under the Act covering the Shares which are subject to such Request and shall use its best commercial efforts to cause such registration statement to become effective within 90 days following the Request (a "Demand Registration"). In connection with any Registration hereunder, Buyer shall indemnify, defend and hold harmless any Holder, any underwriter, dealer or broker for Holder, and their respective affiliates, directors, officers, partners, employees, agents and representatives from and against any and all losses, claims, damages, liabilities, costs and expenses arising out of or based upon any untrue or alleged untrue statement of any material fact contained in a registration statement filed with the SEC pursuant thereto, any prospectus contained therein, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES ABOUT THE COMPANY

As an inducement to Buyer to enter into the Agreement and to consummate the transactions contemplated thereby, and with the knowledge that Buyer shall rely thereon, the Company represents and warrants to Buyer the following concerning the Company, and the representations and warranties set forth below as of the Closing Date are true and correct.

Section 4.1 Duly Organized.

(a) The Company (i) is a limited liability company duly organized, validly existing and in good standing under the laws of its Organization State, (ii) has all requisite corporate power and authority under those laws and its Charter Documents to own or lease and to operate its properties and to carry on its business as now conducted and (iii) is duly qualified and in good standing as a foreign limited liability company in all jurisdictions including, but not limited to, the State of Texas, in which it owns or leases property or in which the carrying on of its business as now conducted so requires except where the failure to be so qualified, singly or in the aggregate, would not have a material adverse effect;

100% of the Membership Interests of the Company are held by the individuals, trusts, and/or entities set forth on the Disclosure Statement attached as Exhibit E, which shall be attached to this Agreement at or prior to Closing and signed by the Parties, in the percentages set forth next to such individual or entity's name thereon, (ii) no outstanding derivative securities of the Company exist, and (iii) the interests described above represent all of the Membership Interests of the Company.

Section 4.2 Charter Documents. The Company has heretofore delivered to Buyer true and complete copies of its Charter Documents of the Company as in effect on the Effective Date hereof.

Section 4.3 Books and Records. The Company has caused true, complete, and correct copies of the Charter Documents, as in effect on the date hereof to be delivered to Buyer, and such records of the Company are correct and complete in all material respects, and the signatures appearing on all documents contained therein are the true signatures of the persons purporting to have signed the same. All actions reflected in said books and records were duly and validly taken in compliance with the laws of the jurisdiction of organization. All of the business records of the Company are under the Company's exclusive ownership and direct control, as applicable.

Section 4.4 Authority of the Company. The Company has the right, power and authority to enter into this Agreement and all of the transaction documents to which it is a party and the Sellers agreed to take any and all actions necessary or desirable under the laws of the State of Texas to complete the transactions contemplated by this Agreement. Except as set forth in Schedule 4.4 of the Disclosure Statement, or otherwise waived by the Buyer, neither the execution nor delivery of this Agreement nor the consummation of the transactions contemplated hereby will:

(a) be in violation of the Charter Documents of the Company or any other constituent document relating to the Company which constitutes a breach of any evidence of indebtedness or agreement to which the Company is a party;

(b) cause a default under any agreement, or any security agreement, mortgage or deed of trust or other lien, charge or encumbrance to which any property of the Company is subject, under any lease agreement or any other contract to which the Company is a party, or permit the improper termination of any such contract by another person;

(c) accelerate, or constitute an event entitling, or which would, on notice or lapse of time or both, entitle the holder of any indebtedness of the Company to accelerate the maturity of any such indebtedness; or

(d) violate, or cause any revocation of or limitation on any Permit of the Company.

Section 4.5 Financial Statements. The Company has furnished to the Buyer the financial statements of the Company. The Financial Statements fairly present the financial condition of the Company at the date thereof, and the related statements of income fairly present the results of operations of the Company for the period then ended and are complete and correct in all material respects, all in accordance with sound accounting practices consistently applied, except as may be expressly disclosed on the Disclosure Statement. Since the financial statements in Exhibit B were furnished, there has been (i) no material adverse effect in the assets or liabilities, or in the business or condition, financial or otherwise, or in the results of operations, or, if applicable, any loss of customers or suppliers, of the Company, and (ii) to the best knowledge, information and belief of the Company, no fact or condition exists or is contemplated or threatened which might cause such a change in the future.

Section 4.6 Title to Properties; Encumbrances. The Company has good, valid and marketable title to all its assets (personal, tangible and intangible), including, without limitation, all the assets reflected in the financial statements in Exhibit B, and all the properties and assets purchased by the Company since the date of those statements, in each case subject to no liens of any kind or character, except in the ordinary course of business.

Section 4.7 Tax Matters. Except as set forth on the Disclosure Statement, the Company has paid all Taxes which are due and billed to the Company as of the Closing Date and all deficiencies or other additions to any tax, interest and penalties owed in connection with any such Taxes, and shall have timely paid the same, prior to the Closing Date.

Section 4.8 Compliance with Laws. Except as set forth on the Disclosure Statement, the Company is not in material violation of any Governmental Requirements or Governmental Approvals applicable to the business of the Company.

Section 4.9 Litigation. Except as set forth on Schedule 4.9 of the Disclosure Statement, there is no litigation or, to the knowledge of the Company, investigations (whether or not the defense thereof or liabilities in respect thereof are covered by insurance) pending or threatened against or involving the Company, or any of its assets. All notices required to have been given to any insurance company listed as insuring against any litigation have been timely and duly given and no insurance company has asserted, orally or in writing that such claim is not covered by the applicable policy relating to such claim.

Section 4.10 Contracts and Other Agreements. Except as set forth on Schedule 4.10 of the Disclosure Statement (the "Scheduled Agreements"), there are no oral or written contracts or other agreements to which the Company is a party or by or to which it or its assets or properties are bound or subject. There have been delivered or made available to Buyer true and complete copies of all of the Scheduled Agreements set forth on Schedule 4.10 of the Disclosure Statement or on any other Schedule annexed thereto.

Section 4.11 Real Estate. The Company does not own or lease any real estate.

Section 4.12 Accounts and Notes Receivable; Accounts Payable. All accounts and notes receivable, unbilled invoices and accounts payable reflected on the Financial Statements in Exhibit B, and all accounts and notes receivable, unbilled invoices and accounts payable arising subsequent to the date of the Financial Statements in Exhibit B, have arisen in the ordinary course of business of the Company, represent valid obligations due to or due from the Company, as applicable, and, the Company's accounts receivable have been collected or are collectible in the ordinary course of business of the Company in the aggregate recorded amounts thereof in accordance with their terms; and none of such accounts receivable or other debts is or will at the Closing Date be subject to any counterclaim or set off. Accounts payable of the Company shall be paid using proceeds from the Purchase Price.

Section 4.13 Inventory. The inventory reflected in the Financial Statements in Exhibit B or acquired since the date of the Financial Statements by the Company represents raw materials, parts, assemblies, work-in-process and certain finished goods, and, except as already provided in the Financial Statements, no additional allowance or provision is necessary in the Financial Statements to reduce the carrying value of excess, damaged or obsolete inventory to its estimated net realizable value. The Parties, prior to or at Closing, shall sign a final Exhibit B.

Section 4.14 Tangible Property. The Inventory reflected in the Financial Statements or acquired since the date of the Financial Statements in Exhibit B by the Company, are in an "As Is, Where Is" condition and repair, subject to additional normal wear and tear and considering the age thereof, and the Company has no knowledge that any of the Inventory is in violation of any existing law. There has not been any material interruption of the operations of the Company.

Section 4.15 Proprietary Rights. The Company holds no proprietary rights other than as set forth in Schedule 4.15 of the Disclosure Statement.

Section 4.16 Liabilities. To the best knowledge of the Company, it has no direct or indirect, pending or threatened damage claims, known or unknown, fixed or unfixed, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent or otherwise, other than (i) damage claims fully and adequately recorded in the Financial Statements and (ii) damage claims incurred since the date of the Financial Statements in Exhibit B in the ordinary course of business that would not have a material adverse effect on the business and operation of the Company.

Section 4.17 Suppliers and Customers. The Company has no knowledge of any event, happening or fact which would reasonably lead it to believe, that any present supplier or customer of the Company would terminate or materially diminish in scope the volume of its relationship with the Company.

Section 4.18 Employee Matters. The Company does not have any Employees and there are no past or current claims or liabilities for its employees.

Section 4.19 Insurance. As set forth on Schedule 4.19 of the Disclosure Statement, the Company is an additional insured only on insurance policies held by other entities with which it works. To the knowledge of the Company, such policies and binders are valid and enforceable in accordance with their terms, are in full force and effect, and insure against risks and liabilities to the extent and in the manner deemed appropriate and sufficient by the Company. The Company is not in default with respect to any provision contained in any such policy or binder and has not failed to give any notice or present any claim under any such policy or binder in due and timely fashion. There are no outstanding unpaid claims under any such policy or binder. The Company has received no notice of cancellation or non-renewal of any such policy or binder.

Section 4.20 Environmental Matters. The Company has no knowledge of any environmental claims filed as of the date of the Financial Statements in Exhibit B or since that date and will notify the Buyer if any filed claims are received.

Section 4.21 Bank Accounts, Powers of Attorney. Upon request by the Buyers, the Company will supply the name and address of each bank in which the Company has an account or safe deposit box, the number of any such account or any such box and the names of all persons authorized to draw thereon or to have access thereto, and (ii) the names of all persons, if any, holding powers of attorney from the Company and a summary statement of the terms thereof.

Section 4.22 Company Permits. The Company holds no permits that are material to or necessary for the conduct of the business of the Company as it is presently being conducted.

Section 4.23 Disclosure. To the knowledge of the Company, neither this Agreement nor any Schedule, or certificate delivered in accordance with the terms hereof or any document or statement in writing which has been supplied by or on behalf of the Company in connection with the this Agreement, contains any untrue statement of a material fact, or omits any statement of a material fact necessary in order to make the statements contained herein or therein not misleading. There is no fact within the knowledge of the Company which has or will have a material adverse effect on the business or financial condition of the Company or its assets, which has not been set forth in this Agreement or in the Schedules or certificates or statements in writing furnished in connection with the transactions contemplated by this Agreement.

Section 4.24 Broker's or Finder's Fees. No agent, broker or firm acting on behalf of the Company is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated herein.

Section 4.25 Copies of Documents. The Company has caused to be made available for inspection and copying by Buyer and its advisors, true, complete and correct copies of all documents referred to in this Agreement or in any Schedule furnished by the Company to Buyer.

ARTICLE 5

TERMINATION

Section 5.1 Termination. This Agreement may, by written notice given at or prior to the Closing, be terminated: (a) by mutual consent of the Parties; or (b) by either Party in the event there has been a breach by the other Party of any representation, warranty, covenant or agreement contained in this Agreement, that shall not have been cured by the breaching party or waived by the non-breaching Party on or before the Closing Date.

Section 5.2 Effect of Termination;.

(a) Upon the termination of this Agreement pursuant to Section 5.1(a) hereof without a breach of this Agreement by a Party, this Agreement shall be void and of no effect and there shall be no liability (other than as set forth in Section 5.2(b), below) by reason of this Agreement or the termination thereof on either Party except for any liability arising out of a breach of any provision of this Agreement, representation, warranty, agreement or covenant of this Agreement prior to the date of termination or any representation warranty, agreement or covenant which survives the termination of this Agreement.

(b) In case of a breach of this Agreement, that is not cured as provided in Section 5.1(b), in any manner by a Party causing the other Party to Terminate this Agreement at or prior to the Closing Date, the breaching Party shall be liable to the non-breaching Party to pay, within thirty (30) Days of Notice (delivered by the non-breaching Party to the breaching Party), the sum of five hundred thousand United States Dollars (US$500,000.00) ("**Liquidated Damages")** in cash by wire transfer in accordance with the non-breaching Party's wire transfer instructions to the breaching Party as contained in its Notice. The provisions of Subsection 5.2 (b) and its obligations shall survive any termination of this Agreement.

ARTICLE 6

MISCELLANEOUS

Section 6.1 Due Diligence. The Sellers, if necessary, shall cause Eagle's officers, employees, agents, accountants and counsel to (i) afford the officers, employees, agents, counsel, other representatives of the Buyer full access to the assets and liabilities and related books and records of Eagle; and (ii) furnish to the officers, employees, agents, counsel of the Buyer such additional information regarding the assets and liabilities of Eagle and the transactions contemplated by this Agreement as the Buyer may from time to time reasonably request on or prior to the Closing Date. After the Closing Date, and for thirty (30) days thereafter, Sellers will comply with reasonable requests by Buyer to complete necessary audited financial statements for Eagle to meet the Buyer's obligations to Governmental Authorities. Such audit shall be completed at reasonable cost and at the Buyer's expense.

Section 6.2 Expenses. The Buyer and the Sellers shall each be responsible for payment of their own out-of-pocket fees and expenses, including, without limitation, all legal, advisory or other fees and expenses, arising in connection with any transactions contemplated by this Agreement.

Section 6.3 Amendments and Waivers. No Modification, waiver or amendment of this Agreement shall be effective unless such modification, waiver or amendment is in writing and executed by the Parties hereto.

Section 6.4 Notices. Any Notice provided for by the terms and conditions of this Agreement shall be in writing and shall be deemed effective as follows: (a) if delivered personally, upon delivery; (b) if sent by post, upon certified receipt; or (c) if sent by a courier service, upon confirmed receipt. Notices shall be addressed to the relevant Party's signatory at the address of such Party set forth on the signature page hereof (until notice of a change thereof is delivered as provided in this Section 5.4)

Section 6.5 Survival. All agreements, indemnities, covenants, representations and warranties made herein shall survive the execution and delivery of this Agreement and the Closing as specifically provided in this Agreement.

Section 6.6 Severability; Counterparts. In case any provision of or obligation under this Agreement shall be declared invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction shall not in any way be affected or impaired thereby. This Agreement may be executed by the Parties hereto in separate counterparts, including as received by facsimile, each of which when so executed and delivered shall be an original, but all of such counterparts shall together constitute one and the same instrument.

Section 6.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the United States and the laws of the State of Texas without regard to any laws, rules or regulation concerning conflict of laws that might result in the application of the laws of any other jurisdiction.

Section 6.8 Successors and Assigns. This Agreement shall be binding upon and shall inure to the Parties hereto and their respective successors and assigns; provided, however, that neither the Buyer nor the Sellers shall be permitted to assign its rights under this Agreement without the prior written consent of the other Party, except that either Party may assign its rights and interests under this Agreement to one or more of its subsidiaries without the consent of the other.

Section 6.9 Entire Agreement and Cancellation of Prior Agreements. This Agreement contains the entire agreement between the Parties. As of the Effective Date, all prior proposals, oral or written, negotiations and agreements, oral or written, prior to the execution of this Agreement are superseded by this Agreement, including, but not limited to, the document entitled Letter of Intent to Acquire Eagle Domestic Drilling Operations, LLC, dated June 5, 2006, and are hereby voided by the Buyer and the Sellers by their signature to this Agreement and are of no further effect.

Section 6.10 Liability. The liability of each of the Sellers under this Agreement shall be several, not joint and several. In no event shall the aggregate liability of the Sellers hereunder exceed US$500,000.00, or for any Seller, its proportionate share thereof as determined by the proportion of the Purchase Price received by or for the benefit of such Seller. This liability provision shall **not** be in addition to the Liquidated Damages in Section 4(b), above, or in lieu thereof, but shall only relate to Seller's representations and warranties herein. The threshold for any such liability of the Sellers is US$25,000.00 aggregate liability.

Section 6.11 Publicity. The Parties agree that, from the date of this Agreement through the Closing Date, no public release or announcement concerning the transactions contemplated hereby shall be issued by any Party without the prior consent of each of the other Parties, except as such release or announcement may be required by law or the rules or regulations of the SEC, in which case the party required to make the release or announcement shall allow each other Parties reasonable time to comment on such release or announcement in advance of such issuance.

Section 6.12 Exhibits to be Signed by Parties. At or prior to Closing Exhibits B through E of this Agreement will be completed and signed by Buyer and Sellers.

Section 6.13 Post-Closing Access. After the Closing, Buyer and Sellers shall cooperate, and shall cause Eagle to cooperate, with the Sellers and Sellers with Buyer to the extent reasonably requested by any of the Sellers or Buyer, and to make available to Sellers or Buyer all financial, insurance, tax and other information (including reasonable access to books and records) of Eagle with respect to any fiscal period of Eagle ending on or prior to the Closing Date to the extent reasonably required by any of the Sellers or Buyer in connection with (a) any audit or other investigation by an Governmental Authority, or (b) the prosecution or defense of any tax claims or other litigation relating to Eagle, or (c) the preparation by any of the Sellers or Buyer of tax returns or any other reports or submissions to any Governmental Authority required to be made by any of the Sellers or Buyer with respect to Eagle.

The rest of this page is intentionally blank.

IN WITNESS WHEREOF, the Sellers have executed this Agreement and the Buyer have executed this Agreement through their duly authorized officers, both as of the Effective Date set forth in the preamble to this Agreement.

SELLERS:

/s/ Glenn A. Foster, Jr.
Name: Glenn A. Foster, Jr.
Title: Member

/s/ Richard Thornton
Name: Richard Thornton
Title: Member

/s/ Herman Livesay
Name: Herman Livesay
Title: Member

/s/Dirk O'Hara
Name: Thornton Family Irrevocable Trust
Dirk O'Hara, Trustee
Title: Member

/s/ Jeffrey Brown
Name: Thornton Business Security Trust
Jeffrey Brown, Trustee
Title: Member

Address for Notice to All Sellers:
7816 Aledo Oaks Ct.
Ft. Worth, Texas 76126.
Facsimile: 720-528-7675

BUYER:

Blast Energy Services, Inc.
By: /s/ David M. Adams
Name: David M. Adams
Title: President and Co-CEO
Address for Notice: 14550 Torrey Chase Blvd, Suite 330
Houston, Texas, 77014
Facsimile: 281-453-2899

EXHIBIT A

DEFINITIONS

"Agreement" has the meaning specified in the Recitals.
"Buyer" means Blast Energy Services, Inc.
"Business Day" means a day on which banks are open for business in Houston, Texas.
"Charter Documents" means articles of organization and operating agreement.
"Closing" has the meaning specified in Section 1.2(a).
"Closing Date" has the meaning specified in Section 1.2(a).
"Disclosure Statement" means disclosures by Seller set forth on Exhibit E.
" **Eagle"** has the meaning specified in the Recitals.
"Effective Date" has the meaning specified in the Recitals.
"**Encumbrances"** has the meaning specified in Section 2.4.
"Financial Statements" means profit and loss statement, balance sheet, and other documents attached as Exhibit B and signed by the Parties to this Agreement prior to or at Closing.
"Governmental Authority" means any local, national or state agency or institution, authority, department, directorate, inspectorate, minister, ministry, municipality, official or public statutory persons of, any judicial body of or the government or legislature of, the USA.
"Liquidated Damages" has the meaning specified in Section 4.2(b).
"Membership Interests" means the Members of Eagle Domestic Drilling Operations LLC ownership in the Company.
"Party" and **"Parties"** has the meaning specified in the Recitals.
"Purchase Price" has the meaning specified in Section 1.1.
"SEC" means the Federal Securities and Exchange Commission which requires filings by publicly traded companies.
"Sellers" means the Members of Eagle Domestic Drilling Operations LLC

EXHIBIT B

Eagle Domestic Drilling Operations, LLC ("Eagle")'s Financial Statements are Attached and shall be finalized at or Prior to Closing including an agreed upon inventory of equipment prepared by Superior Assets Management who has been retained by the Buyers to confirm the Company Inventory along with any other assets of Eagleas set forth in the Financial Statements of Eagle disclosed in Due Diligence and through the date of Closing and signed by the Parties.

Note: reflected on the final Financial Statements shall be completed assignments of 5 IADC Daywork Drilling Contracts (i) with Hallwood Petroleum LLC and Hallwood Energy, Inc. and (ii) with Quicksilver Resources Inc. which are the subject of the Assignment Agreement attached to be executed.

Extension of Definitive Purchase Agreement
Dated June 28, 2006
by and between the Members of
Eagle Domestic Drilling Operations LLC
And
Blast Energy Services, Inc.

Whereas; the Definitive Purchase Agreement dated June 28, 2006 by and between the Members of Eagle Domestic Drilling Operations LLC and Blast Energy Services, Inc. provides in Section 1.2 (a) that …"The Closing must occur on or before August 4, 2006, or this Agreement may be terminated by either Party by delivering notice to the other Party."

Whereas; Blast Energy Services, Inc (hereinafter "Blast") has informed the Members of Eagle Domestic Drilling Operations LLC (hereinafter sometimes referred to as "Eagle") that Blast requires an extension of the August 4, 2006 Closing Date up to and including August 18, 2006.

Whereas; the Members of Eagle Domestic Drilling Operations LLC have agreed to not terminate the agreement but only in the event Blast agrees to increase the Purchase Price and pay such increase in the Purchase Price at Closing of the Definitive Purchase Agreement as set forth herein;

Whereas; Blast has agreed to increase the Purchase Price in exchange for non-cancellation of the Definitive Purchase Agreement;

Now Therefore, the Parties to the Definitive Purchase Agreement for the consideration, mutual promises and forbearances set forth herein set forth their agreement;

1. All the above recitals are incorporated herein by this reference, as if fully set forth.

2. The capitalized terms that appear as a part of the Definitive Purchase Agreement dated June 28, 2006 by and between the Members of Eagle Domestic Drilling Operations LLC and Blast Energy Services, Inc. ("Definitive Purchase Agreement") shall retain the same definitions used in the Definitive Purchase Agreement in this Extension of the Definitive Purchase Agreement ("Extension").

3. Together, the Definitive Purchase Agreement and this Extension shall make up the Agreement of the Parties.

4. Section 1.1 on page 5 of the Definitive Purchase Agreement shall be amended to read as follows: "Sale and Purchase of the Membership Interests. Upon the terms and subject to the conditions of this Agreement, the Sellers hereby agree to sell to the Buyer, and the Buyer hereby agrees to purchase from the Sellers, 100% of their Membership Interest in Eagle for the consideration of Buyer paying all of the following: (a) the cash sum of Forty Nine Million U.S. Dollars (US$49,000,000.00) delivered to the Sellers as provided on Exhibit C which is attached to this Agreement on or before the Closing Date; (b) the cash sum of One Million U.S. Dollars (US$1,000,000.00) paid into Escrow as provided on Exhibit C which is attached to this Agreement on or before the Closing Date; and (c) to the Sellers five hundred thousand (500,000) shares of Common Stock and Warrants for the Sellers to acquire three million (3,000,000) shares of Common Stock at $0.90 per share to be awarded and paid as follows: (i) at Closing, Buyer shall execute and transfer to the Sellers Warrants for three million (3,000,000) shares at ninety cents US ($0.90) per share of issued, fully-paid and non-assessable shares of common stock of Blast Energy Services, Inc. subject to the Warrant Agreement and in the form set forth in Exhibit G and its Exhibit A I-V attached to this Extension. (ii) at Closing, Buyer shall transfer to Sellers five hundred thousand (500,000) shares of common stock in Buyer with the same registration rights as described and set forth in the Warrant Agreement in Exhibit G and its Exhibit A I-V and at a valuation price as of the date of Closing (altogether the provisions of this Section 1.1 (a), (b) and (c) shall be referred to herein as the "**Purchase Price")**."

5. In the Definitive Purchase Agreement, Section 1.2 (a), the second sentence shall be replaced and now reads as follows: "The Closing must occur on or before August 18, 2006, or this Agreement may be terminated by either Party by delivering notice to the other Party."

6. In the event the Agreement is terminated after the date of this Extension, any portion of the Purchase Price already delivered to the Sellers shall be retained by the Sellers including any and all rights therein without re-payment to Buyer and without cancellation rights or any right to rescind being retained by the Buyer other than as set forth in Exhibit G.

7. In the event the Buyer does not deliver the attached Warrant Agreement, Exhibit G and its Exhibit A I-V, at Closing, then the Agreement is hereby automatically terminated without further action by the Sellers and the terms of this Extension hereby provide Notice to Buyer that the Agreement, as defined herein, is hereby terminated by the Sellers due to the Buyers not Closing as provided in the Definitive Purchase Agreement.

8. The Parties will use their best efforts to complete the Exhibits B through G to the Agreement one week prior to Closing. This Extension may be executed in any number of counterparts and each of such counterparts shall, for all purposes, be deemed to be an original, and such counterparts shall together constitute one and the same instrument

9. All other terms of the Agreement are hereby ratified and in full force and effect as amended hereby.

(The rest of this page is intentionally blank)

IN WITNESS WHEREOF, the Sellers the Buyer have executed this Extension of Definitive Purchase Agreement Dated June 28, 2006 by and between the Members of Eagle Domestic Drilling Operations LLC and Blast Energy Services, Inc. by the Sellers, as set forth below, and by the Buyer, through their duly authorized officer(s), both as of this ___ day of August, 2006.

SELLERS:

Glenn A. Foster, Jr.
Name: Glenn A. Foster, Jr.
Title: Member

Richard Thornton
Name: Richard Thornton
Title: Member

Herman Livesay
Name: Herman Livesay
Title: Member

Dirk O'Hara
Name: Thornton Family Irrevocable Trust
Dirk O'Hara, Trustee
Title: Member

Jeffrey Brown
Name: Thornton Business Security Trust
Jeffrey Brown, Trustee
Title: Member

Address for Notice to All Sellers:
7816 Aledo Oaks Ct.
Ft. Worth, Texas 76126.
Facsimile: 720-528-7675

BUYER:

Blast Energy Services, Inc.
By: David M. Adams
Name: David M. Adams
Title: President and Co-CEO
Address for Notice: 14550 Torrey Chase Blvd, Suite 330
Houston, Texas, 77014
Facsimile: 281-453-2899

AMENDMENT AGREEMENT

This Amendment Agreement ("Amendment Agreement"), is entered into as of the 25 day of August, 2006, by and among Eagle Domestic Drilling Operations LLC, a Texas limited liability company ("Eagle" or the "Company"), all of the Members of the Company as set forth on the signature page hereto (the "Sellers") and Blast Energy Services, Inc., a California corporation ("Buyer"). Reference is made to that certain Definitive Purchase Agreement dated as of June 28, 2006 by that certain Extension of Definitive Purchase Agreement dated August 3, 2006 by and between the Members of the Company and Buyer ("Agreement"). Unless otherwise defined herein, capitalized terms shall have the meanings assigned to them in the Agreement.

R E C I T A L S:

WHEREAS, in order to consummate the transactions contemplated by the Agreement and the agreements required by Buyer to finance the acquisition of the transactions contemplated by the Agreement, the parties desire to amend and supplement the Agreement as herein set forth;

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements set forth in the Agreement and the agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Seller and Buyer agree as follows:

1. Amendment to Section 2.4 of the Agreement. (a) Section 2.4 Title; No Encumbrances is hereby amended and restated as follows:

"The Sellers have, and upon Closing Buyer will have, good, valid, indefeasible and marketable title to the Membership Interests which are free and clear of all options, warrants, mortgages, security interests, debts, claims, liens, libels and encumbrances of any kind whatsoever, including without limitation any sale agreement or similar agreements whether recorded or unrecorded (collectively the "Encumbrances"). In addition, the Sellers confirm each of the representations and warranties made in Section 4.1. The Sellers agree to defend, protect, indemnify and hold harmless the Buyer from and against any and all costs, expenses, losses, damages, suits, claims or proceeding arising from Encumbrances on the Membership Interest or from any breach of the representations or warranties set forth in this Section 2.4 or Section 4.1 without regard to the limitations in Section 6.10 or any other provision of this Agreement."

2. Amendment to Section 2.6 of the Agreement. (a) Section 2.6 Taxes. Is hereby amended and restated as follows:

"Sellers and the Company have duly and timely prepared and filed with the appropriate Governmental Authorities all returns, reports information returns, or other documents filed or required to be filed by the Sellers and the Company with such Governmental Authorities and paid any taxes or other amounts due upon the Effective Date in respect thereof that if unpaid could result in a claim by any Government Authority against the

Buyer and the Company subject to the disclosures set forth in Section 4.7 of the Agreement."

3. Amendment to Article 4 of the Agreement. (a) The first paragraph of Article 4, entitled "REPESENTATIONS AND WARRANTIES ABOUT THE COMPANY" is hereby amended and restated as follows:

"As an inducement to Buyer to enter into the Agreement and to consummate the transactions contemplated thereby, and with the knowledge that Buyer shall rely thereon, the Sellers and the Company represent and warrant to Buyer the following concerning the Company, and the representations and warranties set forth below as of the date hereof and as of the Closing Date are true and correct."

(b) The second paragraph appearing under Section 4.1 entitled "Duly Organized" is hereby amended and restated as follows:

"All of the Membership Interests in the Company are held by the persons, trust, or entities set forth on Exhibit E hereto in the percentages set forth next to such person, trust, or entity's name. Except for the Membership Interests set forth on Attachment A, there are no other membership interests, ownership interests, equity interests, voting interests, or economic interests of any kind or character (whether currently in existence or otherwise) in the Company, or any right, warrant, option to acquire such interests."

(c) Except as expressly amended by this Section 2, the provisions of Article 4 of the Agreement, the terms, provisions, and conditions of Article 4 of the Agreement shall remain in full force and effect and in all other respects are hereby ratified and confirmed and remain in full force and effect.

4. Amendment to Section 4.6 of the Agreement. Section 4.6 Title to Properties; Encumbrances is hereby amended and restated as follows:

"All of the assets of the Company (personal, tangible and intangible), including without limitation all the assets reflected in the financial statements in Exhibit B, and all the properties and assets purchased by the Company since the date of such statement (the "Assets") are set forth on Attachment B hereto and such Assets are free and clear of all Encumbrances. The Company has good, valid, and marketable title to the Assets as of the date hereof and will as of, and immediately after, the Closing, in each case free and clear of all Encumbrances. Except for the Assets, the Company has no other rights or assets of any kind or character."

5. Amendment to Section 4.7 of the Agreement. Section 4.7 Tax Matters is hereby amended and restated as follows:

"Except as set forth on the Disclosure Statement, the Company has paid all Taxes which are due and billed to the Company as of the Closing Date and all deficiencies or other additions to any tax, interest and penalties owed in connection with any such Taxes, and

shall have timely paid the same, prior to the Closing Date. Sellers will be responsible for any and all Taxes attributable to the Company for the period prior to the Closing Date. Any sales taxes directly attributable to the sale of the Company to Buyer, if any, shall be for the account of the Buyer."

6. Section 6.8 of the Agreement is hereby amended to add the following sentence at the end of the Section:

"Provided, that nothing herein shall restrict or otherwise prohibit the Buyer from collaterally assigning or pledging its rights under this agreement to any lender or financing source of Buyer in order for Buyer to consummate the transactions under this Agreement."

7. Section 6.10 of the Agreement is hereby amended and restated in its entirety as follows:

"The Sellers shall agree to defend, protect, indemnify and hold harmless the Buyer from and against any and all costs, expenses, losses, damages, suits, claims or proceeding arising from any breach of any representation, warranty or agreement of the Sellers or the Company under this Agreement. The liability of each of the Sellers under this Agreement shall be several, not joint and several. With the exception of any breach of representation or warranty or agreement by the Sellers or the Company set forth in Section 1.1, Sections, 2.1 through and including 2.9, Sections 4.1, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.13, 4.16, 4.18, 4.20 or 4.25, for which the aggregate liability of Sellers shall be US$41,500,000, the aggregate liability of the Sellers hereunder shall not exceed US$500,000, as determined by the proportion of the purchase price received by or for the benefit of such Sellers. With the exception of such provisions, the threshold for any such liability of the Sellers is US$25,000 aggregate liability. Each of the representations and warranties of the parties made as of a date shall be deemed made on and as of the Closing Date. With respect to the representations, warranties, and agreements of the Company, after Closing, such representations, warranties, and agreements of the Company shall only be deemed to have been made by the Sellers, notwithstanding anything to the contrary in the Agreement. The Company and the Sellers shall not take any actions (or omit to take any action) from the date hereof to the Closing which would cause a violation of any of its respective representations, warranties and agreements under this Agreement."

8. Section 1.1 of the Agreement is hereby amended as follows:

(a) Section 1.1(a) shall be amended and restated in its entirety as follows:

"the cash sum of Forty Nine Million U.S. Dollars (US$49,000,000) less the aggregate amount of the subscriptions made by the Sellers and accepted by Buyer on or before the Closing for the purchase of restricted common stock of Buyer in the aggregate amount of Fifteen Million U.S. Dollars (U.S. $15,000,000), such net amount to be delivered to the Sellers as provided in

the disbursement letter executed by the Sellers to Buyer and accepted by Buyer on or before the Closing"

(b) Section 1.1(b) shall be amended and restated in its entirety as follows:

"the cash sum of One Million U.S. Dollars (US$1,000,000) shall be held back by the Buyer and held in escrow (the "Holdback Amount"), subject to delivery to the Sellers under the following terms and conditions: (i) Sellers represent and warrant to Buyer that Second Bridge LLC, an Oklahoma limited liability company ("Second Bridge"), is presently working on the completion of the fourth and fifth drilling rigs which are presently under construction and are property of the Company, it being understood that: (i) the Holdback Amount is held by Buyer to secure the obligations of the Sellers and Second Bridge to complete the construction of such rigs for the Company, (ii) as the construction on the rigs continues, after the Closing, Second Bridge will review and approve invoices for the account of Buyer and present them to Buyer for their approval, Buyer will release funds from the Holdback Amount to Second Bridge and the vendors on a weekly basis, it being understood by Sellers that such expenditures shall be funded from the Holdback Amount, (iii) Upon the delivery of the fifth drilling rig in complete form, expected to be Rig#15, there will be a final reconciliation of the expenditures between Second Bridge and Buyer and the balance of the Holdback Amount (if any) will be paid to Second Bridge on behalf of Sellers, and (iv) SELLERS ACKNOWLEDGE AND AGREE THAT IN NO EVENT WILL BUYER OR THE COMPANY BE HELD LIABLE OR OTHERWISE RESPONSIBLE TO THE SELLERS FOR THE FAILURE OF SECOND BRIDGE TO PROPERLY DISTRIBUTE THE HOLDBACK AMOUNT TO THE SELLERS, AND THE SELLERS HEREBY RELEASE THE COMPANY AND THE BUYER AS WELL AS SECOND BRIDGE FROM ANY SUCH CLAIMS OR DAMAGES IN THIS REGARD."

(c) Section 1.1(c) shall be amended and restated in it's entirety as follows:

"(c) to the Sellers (in proportion of their respect Membership Interests) an aggregate of One Million Five hundred thousand (1,500,000) shares of fully paid and non-assessable shares of common stock of Blast Energy Services, Inc. with registration rights in favor of the Sellers on any subsequent registration statement filed by Blast with the SEC for its account or the account of others, to the extent such shares have not been registered with the SEC or cannot be sold under Rule 144 as promulgated by the SEC (altogether the provisions of this Section 1.1(a), (b) and (c) shall be referred to herein as the "**Purchase Price**")."

(d) The following sentence is added at the end of Section 1.1:

"In connection with the issuance to the Sellers of the 1,500,000 of Blast Common Stock as part of the Purchase Price, the Sellers understand and acknowledge that such shares will be "restricted securities" as defined under the Securities Act of 1933, as amended

and the rules and regulations promulgated thereunder (the "Securities Act") and that such shares will contain a restrictive legend which will provide in substance: "These securities have not been registered with the Securities and Exchange Commission in reliance on an exemption from the registration requirements under the Securities Act, and may not be offered or sold except pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption therefrom, based on opinion of counsel acceptable to the Company." Furthermore, the Sellers represent and warrant to the Buyer that the shares will be acquired for investment purposes only and will be taken without a view toward distribution and that each are "accredited investors" as defined under the Securities Act and the rules and regulations promulgated thereunder. Each Seller represents and warrants to the Buyer that they have such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluate the merits and risks of the investment in the Buyers common stock, and each Seller confirms that it is able to bear an economic risk of an investment in the shares and is able to afford a complete loss of such investment. Each Seller represents and warrants to the Buyer that it had an opportunity to ask questions and receive answers concerning the Buyer regarding the Buyer's business, management and financial affairs and to obtain information concerning the Company. Each Seller confirms to Buyer its representations and warranties in this Agreement."

(e) As amended hereby, the remaining provisions of Section 1.1 shall remain in full force and effect and in all other respects are hereby ratified and confirmed and remain in full force and effect.

9. Exhibit A DEFINTIONS, the term "Membership Interests" is hereby amended as follows: "'Membership Interests' means a Member's membership interest in Eagle Domestic Drilling Operations LLC".

10. Exhibit E of the Agreement is hereby amended as set forth on Attachment A hereto.

11. Each of Exhibit C and Exhibit G of the Agreement is hereby deleted.

12. Additional Agreements. (a) The parties acknowledge and agree that Buyer may be required to fund the Purchase Price into escrow or take such other action as may be reasonably requested by the lenders in order to fund the Purchase Price and consummate the transaction. Sellers and the Company agree to cooperate by executing and delivering documents to effect this transaction as may be reasonably requested by the Company's lenders.

(b) In order to consummate the transactions contemplated by the Agreement, the Sellers hereby waive the operation of the provisions of Buy-Sell Agreement dated December 1, 2004 (as may be amended or supplemented, the "Buy-Sell Agreement")), and the Company and the Seller hereby agree that such Buy-Sell Agreement will be terminated immediately prior to the Closing. In addition, the Sellers hereby waive the operation of Section 11 of that certain Operating Agreement and Cross Purchase Buy-Sell Agreement of Eagle domestic Drilling Operations, LLC

dated December 1, 2004 (as may be amended or supplemented), in order to consummate the transactions contemplated by the Agreement.

13. No Waiver. By executing this Amendment Agreement, neither Seller nor any Buyer waives any other requirement or provision of the Agreement.

14. Specific Agreement. Except as expressly set forth herein, nothing in this Amendment Agreement shall be deemed to prejudice any right or remedy that either Seller or any Buyer may now have or may have in the future under or in connection with the Agreement. Except as expressly set forth herein, the terms, provisions, and conditions of the Agreement shall remain in full force and effect and in all other respects are hereby ratified and confirmed.

15. Miscellaneous. This Amendment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, and all such counterparts together shall constitute one and the same agreement. Delivery of an executed signature page of this Amendment Agreement by telecopier to the telecopier number set forth in the Agreement (Notices), shall be equally effective as delivery of a manually executed counterpart. Any party delivering an executed counterpart of its signature page hereof by telecopier to the telecopier number set forth in the signature page to the Agreement (Notices,) shall also promptly deliver a manually executed counterpart, but the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment Agreement. Each party acknowledges that (a) this Amendment Agreement has been reviewed with and approved by its legal counsel; (b) it has carefully read this Amendment Agreement and fully understands it; and (c) each party has had the opportunity to discuss the terms of this Amendment Agreement internally. This Amendment Agreement cannot be modified or rescinded without a writing signed by a duly authorized representative of Sellers and Buyer.

16. Governing Law. This Amendment Agreement shall be construed in accordance with the internal laws of the State of Texas. This Amendment Agreement shall become effective as of the date set forth above.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Amendment Agreement is executed to be effective as set forth above.

SELLERS:

/s/ Glenn A. Foster, Jr.
Name: Glenn A. Foster, Jr.
Title: Member

/s/ Richard Thornton
Name: Richard Thornton
Title: Member

/s/ Herman Livesay
Name: Herman Livesay
Title: Member

/s/ Dirk O'Hara
Name: Thornton Family Irrevocable Trust
Dirk O'Hara, Trustee
Title: Member

/s/ Thornton Business Security Trust
Name: Thornton Business Security Trust
Jeffrey Brown, Trustee
Title: Member

Address for Notice to All Sellers:
7816 Aledo Oaks Ct.
Ft. Worth, Texas 76126
Facsimile: 720-528-7675

BUYER:

Blast Energy Services, Inc.

By: /s/ David M. Adams
Name: David M. Adams
Title: President and Co-CEO
Address for Notice:
14550 Torrey Chase Blvd., Suite 330
Houston, Texas 77014
Facsimile: 281-453-2899

COMPANY

Eagle Domestic Drilling Operations LLC

By: /s/ Richard Thornton
Name: Richard Thornton
Title: Managing Member

Address for Notice:
7816 Aledo Oaks Ct.
Ft. Worth, Texas 76126
Facsimile: 720-528-7675

Signature for Purposes of Section 1.1:

Second Bridge LLC

By: /s/ Dirk O'Hara
Name: Dirk O'Hara
Title: Manager

Address for Notice:
1126 Rambling Oaks Drive
Norman, OK 73072
Facsimile: 405-447-9351

ATTACHMENT A

“EXHIBIT E

MEMBERSHIP INTERESTS

Member	Membership Interest
Glenn A. Foster, Jr.	9.00%
Richard Thornton	7.25%
Herman Livesay	5.00%
Thornton Family Irrevocable Trust	28.75%
Thornton Business Security Trust	50.00% ”

ATTACHMENT B

LIST OF ASSETS

[Attach Partial Appraisal Report for the Drilling Rigs]

Exhibit 4.1

SECURED TERM NOTE

FOR VALUE RECEIVED, BLAST ENERGY SERVICES, INC., a California corporation (the "**Company**"), promises to pay to LAURUS MASTER FUND, LTD., c/o M&C Corporate Services Limited, P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, Fax: 345-949-8080 (the "**Holder**") or its registered assigns or successors in interest, the sum of Forty Million Six Hundred Thousand Dollars ($40,600,000), together with any accrued and unpaid interest hereon, on August 25, 2009 (the "**Maturity Date**") if not sooner indefeasibly paid in full.

Capitalized terms used herein without definition shall have the meanings ascribed to such terms in that certain Securities Purchase Agreement dated as of the date hereof between the Company and the Holder (as amended, modified and/or supplemented from time to time, the "**Purchase Agreement**").

The following terms shall apply to this Secured Term Note (this "**Note**"):

ARTICLE I
CONTRACT RATE AND AMORTIZATION

1.1 Contract Rate. Subject to Sections 3.2 and 4.10, interest payable on the outstanding principal amount of this Note (the "**Principal Amount**") shall accrue at a rate per annum equal to the "prime rate" published in The Wall Street Journal from time to time (the "**Prime Rate**"), plus two and one-half percent (2.5%) (the "**Contract Rate**"). The Contract Rate shall be increased or decreased as the case may be for each increase or decrease in the Prime Rate in an amount equal to such increase or decrease in the Prime Rate; each change to be effective as of the day of the change in the Prime Rate. The Contract Rate shall not at any time be less than nine percent (9.0%). Interest shall be (i) calculated on the basis of a 360 day year, and (ii) payable monthly, in arrears, commencing on October 1, 2006, on the first business day of each consecutive calendar month thereafter through and including the Maturity Date, and on the Maturity Date, whether by acceleration or otherwise.

1.2 Contract Rate Payments. The Contract Rate shall be calculated on the last business day of each calendar month hereafter (other than for increases or decreases in the Prime Rate which shall be calculated and become effective in accordance with the terms of Section 1.1) until the Maturity Date.

1.3 Principal Payments. Amortizing payments of the aggregate principal amount outstanding under this Note at any time (the "**Principal Amount**") shall be made by the Company on April 1, 2007 and on the first business day of each succeeding month thereafter through and including the Maturity Date (each, an "**Amortization Date**"). Commencing on the first Amortization Date, the Company shall make monthly payments to the Holder on each Amortization Date, each such payment in the amount of (a) $800,000 from April 1, 2007 through and including March 1, 2008, (b) $900,000 from March 1, 2008 through and including March 1, 2009 and (c) $1,000,000 on each succeeding Amortization Date thereafter until the Maturity Date, in each case together with any accrued and unpaid interest on such portion of the Principal

Amount plus any and all other unpaid amounts which are then owing under this Note, the Purchase Agreement and/or any other Related Agreement (collectively, the "**Monthly Amount**"). Any outstanding Principal Amount together with any accrued and unpaid interest and any and all other unpaid amounts which are then owing by the Company to the Holder under this Note, the Purchase Agreement and/or any other Related Agreement shall be due and payable on the Maturity Date.

ARTICLE II
REDEMPTION

2.1 Optional Redemption in Cash. The Company may prepay this Note ("**Optional Redemption**") by paying to the Holder a sum of money equal to the Applicable Principal Amount (as defined below) together with accrued but unpaid interest thereon and any and all other sums due, accrued or payable to the Holder arising under this Note, the Purchase Agreement and/or any other Related Agreement (the "**Redemption Amount**") outstanding on the Redemption Payment Date (as defined below). The Company shall deliver to the Holder a written notice of redemption (the "**Notice of Redemption**") specifying the date for such Optional Redemption (the "**Redemption Payment Date**"), which date shall be seven (7) business days after the date of the Notice of Redemption (the "**Redemption Period**"). On the Redemption Payment Date, the Redemption Amount must be paid in good funds to the Holder. In the event the Company fails to pay the Redemption Amount on the Redemption Payment Date as set forth herein, then such Notice of Redemption will be null and void. For purposes of this Section 2.1, the "**Applicable Principal Amount**" shall mean (a) during the period commencing on the date hereof and ending on the first anniversary of the date hereof, 110% of the Principal Amount outstanding at the time of such prepayment, (b) during the period commencing on the day immediately succeeding the first anniversary of the date hereof and ending on the second anniversary of the date hereof, 105% of the Principal Amount outstanding at the time of such prepayment and (c) during the period commencing on the day immediately succeeding the second anniversary of the date hereof and ending on the Maturity Date, 100% of the Principal Amount outstanding at the time of such prepayment.

ARTICLE III
EVENTS OF DEFAULT

3.1 Events of Default. The occurrence of any of the following events set forth in this Section 3.1 shall constitute an event of default ("**Event of Default**") hereunder:

(a) Failure to Pay. The Company fails to pay when due any installment of principal, interest or other fees hereon in accordance herewith, or the Company fails to pay any of the other Obligations (under and as defined in the Master Security Agreement) when due, and, in any such case, such failure shall continue for a period of three (3) days following the date upon which any such payment was due;

(b) Breach of Covenant. The Company or any of its Subsidiaries breaches any covenant or any other term or condition of this Note in any material respect and

such breach, if subject to cure, continues for a period of fifteen (15) days after the occurrence thereof;

(c) Breach of Representations and Warranties. Any representation, warranty or statement made or furnished by the Company or any of its Subsidiaries in this Note, the Purchase Agreement or any other Related Agreement shall at any time be false or misleading in any material respect on the date as of which made or deemed made;

(d) Default Under Other Agreements. The occurrence of any default (or similar term) in the observance or performance of any other agreement or condition relating to any indebtedness or contingent obligation of the Company or any of its Subsidiaries beyond the period of grace (if any), the effect of which default is to cause, or permit the holder or holders of such indebtedness or beneficiary or beneficiaries of such contingent obligation to cause, such indebtedness to become due prior to its stated maturity or such contingent obligation to become payable;

(e) Material Adverse Effect. Any change or the occurrence of any event which could reasonably be expected to have a Material Adverse Effect;

(f) Bankruptcy. The Company or any of its Subsidiaries shall (i) apply for, consent to or suffer to exist the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of creditors, (iii) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (iv) be adjudicated a bankrupt or insolvent, (v) file a petition seeking to take advantage of any other law providing for the relief of debtors, (vi) acquiesce to, without challenge within ten (10) days of the filing thereof, or failure to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (vii) take any action for the purpose of effecting any of the foregoing;

(g) Judgments. Attachments or levies in excess of $50,000 in the aggregate are made upon the Company or any of its Subsidiary's assets or a judgment is rendered against the Company's property involving a liability of more than $50,000 which shall not have been vacated, discharged, stayed or bonded within thirty (30) days from the entry thereof;

(h) Insolvency. The Company or any of its Subsidiaries shall admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business;

(i) Change of Control. A Change of Control (as defined below) shall occur with respect to the Company, unless Holder shall have expressly consented to such Change of Control in writing. A "Change of Control" shall mean any event or circumstance as a result of which (i) any "Person" or "group" (as such terms are defined in Sections 13(d) and 14(d) of the Exchange Act, as in effect on the date hereof), other than the Holder, is or becomes the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 42% or more on a fully diluted basis of the then outstanding voting equity interest of the Company, (ii) the Board of Directors of the Company shall cease to consist of a majority

of the Company's board of directors on the date hereof (or directors appointed by a majority of the board of directors in effect immediately prior to such appointment), (iii) the Company or any of its Subsidiaries merges or consolidates with, or sells all or substantially all of its assets to, any other person or entity or (iv) the Company fails to own 100% of the membership interests in Eagle Domestic Drilling Operations LLC;

(j) Indictment; Proceedings. The indictment of the Company or any of its Subsidiaries or any executive officer of the Company or any of its Subsidiaries under any criminal statute, or commencement of criminal or civil proceeding against the Company or any of its Subsidiaries or any executive officer of the Company or any of its Subsidiaries pursuant to which statute or proceeding penalties or remedies sought or available include forfeiture of any of the property of the Company or any of its Subsidiaries; or

(k) The Purchase Agreement and Related Agreements. (i) An Event of Default shall occur under and as defined in the Purchase Agreement or any other Related Agreement, (ii) the Company or any of its Subsidiaries shall breach any term or provision of the Purchase Agreement or any other Related Agreement in any material respect and such breach, if capable of cure, continues unremedied for a period of fifteen (15) days after the occurrence thereof, (iii) the Company or any of its Subsidiaries attempts to terminate, challenges the validity of, or its liability under, the Purchase Agreement or any Related Agreement, (iv) any proceeding shall be brought to challenge the validity, binding effect of the Purchase Agreement or any Related Agreement or (v) the Purchase Agreement or any Related Agreement ceases to be a valid, binding and enforceable obligation of the Company or any of its Subsidiaries (to the extent such persons or entities are a party thereto).

3.2 Default Interest. Following the occurrence and during the continuance of an Event of Default, the Company shall pay additional interest on the outstanding principal balance of this Note in an amount equal to one percent (1%) per month, and all outstanding obligations under this Note, the Purchase Agreement and each other Related Agreement, including unpaid interest, shall continue to accrue interest at such additional interest rate from the date of such Event of Default until the date such Event of Default is cured or waived.

ARTICLE IV
MISCELLANEOUS

4.1 Issuance of New Note. Upon any partial redemption of this Note, a new Note containing the same date and provisions of this Note shall, at the request of the Holder, be issued by the Company to the Holder for the principal balance of this Note and interest which shall not have been paid as of such date. Subject to the provisions of Article III of this Note, the Company shall not pay any costs, fees or any other consideration to the Holder for the production and issuance of a new Note.

4.2 Cumulative Remedies. The remedies under this Note shall be cumulative.

4.3 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder hereof in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude

other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

4.4 Notices. Any notice herein required or permitted to be given shall be in writing and provided in accordance with the terms of the Purchase Agreement.

4.5 Amendment Provision. The term "Note" and all references thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented, and any successor instrument as such successor instrument may be amended or supplemented.

4.6 Assignability. This Note shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns, and may be assigned by the Holder in accordance with the requirements of the Purchase Agreement. The Company may not assign any of its obligations under this Note without the prior written consent of the Holder, any such purported assignment without such consent being null and void.

4.7 Cost of Collection. In case of any Event of Default under this Note, the Company shall pay the Holder the Holder's reasonable costs of collection, including reasonable attorneys' fees.

4.8 Governing Law, Jurisdiction and Waiver of Jury Trial.

(a) THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

(b) THE COMPANY HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE COMPANY, ON THE ONE HAND, AND THE HOLDER, ON THE OTHER HAND, PERTAINING TO THIS NOTE OR ANY OF THE OTHER RELATED AGREEMENTS OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS NOTE OR ANY OF THE RELATED AGREEMENTS; PROVIDED, THAT THE COMPANY ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK, STATE OF NEW YORK; AND FURTHER PROVIDED, THAT NOTHING IN THIS NOTE SHALL BE DEEMED OR OPERATE TO PRECLUDE THE HOLDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE HOLDER. THE COMPANY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND THE COMPANY HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED

UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. THE COMPANY HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE COMPANY AT THE ADDRESS SET FORTH IN THE PURCHASE AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF THE COMPANY'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID.

(c) THE COMPANY DESIRES THAT ITS DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE COMPANY HERETO WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE HOLDER AND THE COMPANY ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS NOTE, ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS RELATED HERETO OR THERETO.

4.9 Severability. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note.

4.10 Maximum Payments. Nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum rate permitted by such law, any payments in excess of such maximum rate shall be credited against amounts owed by the Company to the Holder and thus promptly refunded to the Company in cash.

4.11 Security Interest and Guarantee. The Holder has been granted a security interest (i) in certain assets of the Company and its Subsidiaries as more fully described in the Master Security Agreement dated as of the date hereof, (ii) in certain assets of the Company and Eagle Domestic Drilling Operations LLC as more fully described in the Intellectual Property Security Agreement dated as of the date hereof and (iii) in the equity interests of the Company's Subsidiaries pursuant to the Member Pledge Agreement dated as of the date hereof. The obligations of the Company under this Note are guaranteed by certain Subsidiaries of the Company pursuant to the Subsidiary Guaranty dated as of the date hereof.

4.12 Construction. Each party acknowledges that its legal counsel participated in the preparation of this Note and, therefore, stipulates that the rule of construction that

ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of this Note to favor any party against the other.

4.13 Registered Obligation. This Note is intended to be a registered obligation within the meaning of Treasury Regulation Section 1.871-14(c)(1)(i) and the Company (or its agent) shall register this Note (and thereafter shall maintain such registration) as to both principal and any stated interest. Notwithstanding any document, instrument or agreement relating to this Note to the contrary, transfer of this Note (or the right to any payments of principal or stated interest thereunder) may only be effected by (i) surrender of this Note and either the reissuance by the Company of this Note to the new holder or the issuance by the Company of a new instrument to the new holder, or (ii) transfer through a book entry system maintained by the Company (or its agent), within the meaning of Treasury Regulation Section 1.871-14(c)(1)(i)(B).

[Balance of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Company has caused this Secured Term Note to be signed in its name effective as of this 25th day of August, 2006.

BLAST ENERGY SERVICES, INC.

By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, and Co-CEO

WITNESS:

/s/ John MacDonald

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO BLAST ENERGY SERVICES, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

Right to Purchase up to 6,090,000 Shares of Common Stock of
Blast Energy Services, Inc.
(subject to adjustment as provided herein)

COMMON STOCK PURCHASE WARRANT

Issue Date: August 25, 2006

BLAST ENERGY SERVICES, INC., a corporation organized under the laws of the State of California (the "Company"), hereby certifies that, for value received, LAURUS MASTER FUND, LTD., or assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company (as defined herein) from and after the Issue Date of this Warrant and at any time or from time to time before 5:00 p.m., New York time, through the close of business August 25, 2013 (the "Expiration Date"), up to 6,090,000 fully paid and nonassessable shares of Common Stock (as hereinafter defined), par value of $0.001 per share, at the applicable Exercise Price per share (as defined below). The number and character of such shares of Common Stock and the applicable Exercise Price per share are subject to adjustment as provided herein.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(a) The term "Company" shall mean Blast Energy Services, Inc. and any person or entity which shall succeed, or assume the obligations of, Blast Energy Services, Inc. hereunder.

(b) The term "Common Stock" shall mean (i) the Company's Common Stock, no par value per share; and (ii) any other securities into which or for which any of the securities described in the preceding clause (i) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(c) The "Exercise Price" shall mean a price of $1.44.

(d) The term "Other Securities" shall mean any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holder of the Warrant at any time shall be entitled to receive, or shall have

received, on the exercise of the Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

1. Exercise of Warrant.

1.1. Number of Shares Issuable upon Exercise. From and after the date hereof through and including the Expiration Date, the Holder shall be entitled to receive, upon exercise of this Warrant in whole or in part, by delivery of an original or fax copy of an exercise notice in the form attached hereto as Exhibit A (the "Exercise Notice"), shares of Common Stock of the Company, subject to adjustment pursuant to Section 4.

1.2. Fair Market Value. For purposes hereof, the "Fair Market Value" of a share of Common Stock as of a particular date (the "Determination Date") shall mean:

(a) If the Company's Common Stock is traded on the American Stock Exchange or another national exchange or is quoted on the National or Capital Market of The Nasdaq Stock Market, Inc.("Nasdaq"), then the closing or last sale price, respectively, reported for the last business day immediately preceding the Determination Date.

(b) If the Company's Common Stock is not traded on the American Stock Exchange or another national exchange or on the Nasdaq but is traded on the NASD Over the Counter Bulletin Board, then the mean of the average of the closing bid and asked prices reported for the last business day immediately preceding the Determination Date.

(c) Except as provided in clause (d) below, if the Company's Common Stock is not publicly traded, then as the Holder and the Company agree or in the absence of agreement by arbitration in accordance with the rules then in effect of the American Arbitration Association, before a single arbitrator to be chosen from a panel of persons qualified by education and training to pass on the matter to be decided.

(d) If the Determination Date is the date of a liquidation, dissolution or winding up, or any event deemed to be a liquidation, dissolution or winding up pursuant to the Company's charter, then all amounts to be payable per share to holders of the Common Stock pursuant to the charter in the event of such liquidation, dissolution or winding up, plus all other amounts to be payable per share in respect of the Common Stock in liquidation under the charter, assuming for the purposes of this clause (d) that all of the shares of Common Stock then issuable upon exercise of the Warrant are outstanding at the Determination Date.

1.3. Company Acknowledgment. The Company will, at the time of the exercise of this Warrant, upon the request of the Holder acknowledge in writing its continuing obligation to afford to such Holder any rights to which such Holder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant. If the Holder shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Holder any such rights.

1.4. Trustee for Warrant Holders. In the event that a bank or trust company shall have been appointed as trustee for the Holders of this Warrant pursuant to Subsection 3.2, such bank or trust company shall have all the powers and duties of a warrant agent (as hereinafter described) and shall accept, in its own name for the account of the Company or such successor person as may be entitled thereto, all amounts otherwise payable to the Company or such successor, as the case may be, on exercise of this Warrant pursuant to this Section 1.

2. Procedure for Exercise.

2.1. Delivery of Stock Certificates, Etc., on Exercise. The Company agrees that the shares of Common Stock purchased upon exercise of this Warrant shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares in accordance herewith. As soon as practicable after the exercise of this Warrant in full or in part, and in any event within three (3) business days thereafter, the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the Holder, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct in compliance with applicable securities laws, a certificate or certificates for the number of duly and validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) to which such Holder shall be entitled on such exercise, plus, in lieu of any fractional share to which such holder would otherwise be entitled, cash equal to such fraction multiplied by the then Fair Market Value of one full share, together with any other stock or other securities and property (including cash, where applicable) to which such Holder is entitled upon such exercise pursuant to Section 1 or otherwise.

2.2 Exercise.

(a) Payment may be made in cash by wire transfer or by certified or official bank check payable to the order of the Company equal to the applicable aggregate Exercise Price for the number of Common Shares specified in such Exercise Notice (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Common Stock issuable to the Holder per the terms of this Warrant) and the Holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully-paid and non-assessable shares of Common Stock (or Other Securities) determined as provided herein.

(b) Notwithstanding the provisions of subsection (a) above to the contrary, if at the time the Holder exercises this Warrant a Registration Statement (as defined in the Registration Rights Agreement entered into by the Company and the Holder dated as of the date hereof, as the same may be amended, restated, supplemented and/or otherwise modified from time to time, the "Registration Rights Agreement") covering the Common Stock issuable to the Holder upon exercise of this Warrant shall not have been declared effective under the Securities Act (as hereafter defined) in accordance with the terms of the Registration Rights Agreement, payment may be made, in the Holder's discretion, either (i) in cash by wire transfer or by certified or official bank check payable to the order of the Company equal to the applicable aggregate Exercise Price, (ii) by delivery of

this Warrant, or shares of Common Stock and/or Common Stock receivable upon exercise of this Warrant in accordance with the formula set forth in subsection (c) below, or (iii) by a combination of any of the foregoing methods, for the number of Common Shares specified in such Exercise Notice (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Common Stock issuable to the Holder per the terms of this Warrant) and the Holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully-paid and non-assessable shares of Common Stock (or Other Securities) determined as provided herein.

(c) In accordance with subsection (b) above, if the Fair Market Value of one share of Common Stock is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant for cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being exercised) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Exercise Notice in which event the Company shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of shares of Common Stock to be issued to the Holder
Y = the number of shares of Common Stock purchasable under this Warrant or, if only a portion of this Warrant is being exercised, the portion of this Warrant being exercised (at the date of such calculation)
A = the Fair Market Value of one share of the Company's Common Stock (at the date of such calculation)
B = the Exercise Price per share (as adjusted to the date of such calculation)

3. Effect of Reorganization, Etc.; Adjustment of Exercise Price.

3.1. Reorganization, Consolidation, Merger, Etc. In case at any time or from time to time, the Company shall (a) effect a reorganization, (b) consolidate with or merge into any other person, or (c) transfer all or substantially all of its properties or assets to any other person under any plan or arrangement contemplating the dissolution of the Company, then, in each such case, as a condition to the consummation of such a transaction, proper and adequate provision shall be made by the Company whereby the Holder, on the exercise hereof as provided in Section 1 at any time after the consummation of such reorganization, consolidation or merger or the effective date of such dissolution, as the case may be, shall receive, in lieu of the Common Stock (or Other Securities) issuable on such exercise prior to such consummation or such effective date, the stock and other securities and property (including cash) to which such Holder would have been entitled upon such consummation or in connection with such dissolution, as the

case may be, if such Holder had so exercised this Warrant, immediately prior thereto, all subject to further adjustment thereafter as provided in Section 4.

3.2. Dissolution. In the event of any dissolution of the Company following the transfer of all or substantially all of its properties or assets, the Company, concurrently with any distributions made to holders of its Common Stock, shall at its expense deliver or cause to be delivered to the Holder the stock and other securities and property (including cash, where applicable) receivable by the Holder pursuant to Section 3.1, or, if the Holder shall so instruct the Company, to a bank or trust company specified by the Holder and having its principal office in New York, NY as trustee for the Holder (the "Trustee").

3.3. Continuation of Terms. Upon any reorganization, consolidation, merger or transfer (and any dissolution following any transfer) referred to in this Section 3, this Warrant shall continue in full force and effect and the terms hereof shall be applicable to the shares of stock and other securities and property receivable on the exercise of this Warrant after the consummation of such reorganization, consolidation or merger or the effective date of dissolution following any such transfer, as the case may be, and shall be binding upon the issuer of any such stock or other securities, including, in the case of any such transfer, the person acquiring all or substantially all of the properties or assets of the Company, whether or not such person shall have expressly assumed the terms of this Warrant as provided in Section 4. In the event this Warrant does not continue in full force and effect after the consummation of the transactions described in this Section 3, then the Company's securities and property (including cash, where applicable) receivable by the Holder will be delivered to the Holder or the Trustee as contemplated by Section 3.2.

4. Extraordinary Events Regarding Common Stock. In the event that the Company shall (a) issue additional shares of the Common Stock as a dividend or other distribution on outstanding Common Stock or any preferred stock issued by the Company, (b) subdivide its outstanding shares of Common Stock, or (c) combine its outstanding shares of the Common Stock into a smaller number of shares of the Common Stock, then, in each such event, the Exercise Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Exercise Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Exercise Price then in effect. The Exercise Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 4. The number of shares of Common Stock that the Holder shall thereafter, on the exercise hereof as provided in Section 1, be entitled to receive shall be adjusted to a number determined by multiplying the number of shares of Common Stock that would otherwise (but for the provisions of this Section 4) be issuable on such exercise by a fraction of which (a) the numerator is the Exercise Price that would otherwise (but for the provisions of this Section 4) be in effect, and (b) the denominator is the Exercise Price in effect on the date of such exercise (taking into account the provisions of this Section 4).

5. Certificate as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable on the exercise of this Warrant, the

Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock (or Other Securities) outstanding or deemed to be outstanding, and (c) the Exercise Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder and any warrant agent of the Company (appointed pursuant to Section 11 hereof).

6. Reservation of Stock, Etc., Issuable on Exercise of Warrant. The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of this Warrant, shares of Common Stock (or Other Securities) from time to time issuable on the exercise of this Warrant.

7. Assignment; Exchange of Warrant. Subject to compliance with applicable securities laws, this Warrant, and the rights evidenced hereby, may be transferred by any registered holder hereof (a "Transferor") in whole or in part. On the surrender for exchange of this Warrant, with the Transferor's endorsement in the form of Exhibit B attached hereto (the "Transferor Endorsement Form") and together with evidence reasonably satisfactory to the Company demonstrating compliance with applicable securities laws, which shall include, without limitation, the provision of a legal opinion from the Transferor's counsel (at the Transferor's expense) that such transfer is exempt from the registration requirements of applicable securities laws, the Company at its expense (but with payment by the Transferor of any applicable transfer taxes) will issue and deliver to or on the order of the Transferor thereof a new Warrant of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Transferor Endorsement Form (each a "Transferee"), calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face or faces of the Warrant so surrendered by the Transferor.

8. Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of this Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. Registration Rights. The Holder has been granted certain registration rights by the Company. These registration rights are set forth in a Registration Rights Agreement entered into by the Company and Holder dated as of the date hereof, as the same may be amended, modified and/or supplemented from time to time.

10. Maximum Exercise. Notwithstanding anything herein to the contrary, in no event shall the Holder be entitled to exercise any portion of this Warrant in excess of that portion of this Warrant upon exercise of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its Affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unexercised portion of the Warrant or the unexercised or unconverted portion of any other security of the Holder subject to a limitation on conversion analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the exercise of the portion of this Warrant with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its Affiliates of any amount greater than 4.99% of the then outstanding shares of Common Stock (whether or not, at the time of such exercise, the Holder and its Affiliates beneficially own more than 4.99% of the then outstanding shares of Common Stock). As used herein, the term "Affiliate" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person or entity, as such terms are used in and construed under Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). For purposes of the proviso to the second preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The limitations set forth herein (x) may be waived by the Holder upon provision of no less than sixty-one (61) days prior notice to the Company and (y) shall automatically become null and void following notice to the Company upon the occurrence and during the continuance of an Event of Default (as defined in the Note referred to in the Securities Purchase Agreement dated as of the date hereof among the Holder and the Company (as amended, modified, restated and/or supplemented from time to time, the "Purchase Agreement")).

11. Warrant Agent. The Company may, by written notice to the Holder of the Warrant, appoint an agent for the purpose of issuing Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 1, exchanging this Warrant pursuant to Section 7, and replacing this Warrant pursuant to Section 8, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

12. Transfer on the Company's Books. Until this Warrant is transferred on the books of the Company, the Company may treat the registered holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

13. Notices, Etc. All notices and other communications from the Company to the Holder shall be mailed by first class registered or certified mail, postage prepaid, at such address as may have been furnished to the Company in writing by such Holder or, until any such Holder furnishes to the Company an address, then to, and at the address of, the last Holder who has so furnished an address to the Company.

14. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. THIS WARRANT

SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. ANY ACTION BROUGHT CONCERNING THE TRANSACTIONS CONTEMPLATED BY THIS WARRANT SHALL BE BROUGHT ONLY IN THE STATE COURTS OF NEW YORK OR IN THE FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT THE HOLDER MAY CHOOSE TO WAIVE THIS PROVISION AND BRING AN ACTION OUTSIDE THE STATE OF NEW YORK. The individuals executing this Warrant on behalf of the Company agree to submit to the jurisdiction of such courts and waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs. In the event that any provision of this Warrant is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Warrant. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof. The Company acknowledges that legal counsel participated in the preparation of this Warrant and, therefore, stipulates that the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of this Warrant to favor any party against the other party.

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

BLAST ENERGY SERVICES, INC.

WITNESS:

By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, Co-CEO

/s/ John MacDonald

Exhibit A

FORM OF SUBSCRIPTION

(To Be Signed Only On Exercise Of Warrant)

TO: Blast Energy Services, Inc.
14550 Torrey Chase Blvd., Suite 330
Houston, TX 77014
Attention: Chief Financial Officer

The undersigned, pursuant to the provisions set forth in the attached Warrant (No.____) (as amended, restated or otherwise modified from time to time, the "Warrant"; capitalized terms used but not defined in this notice shall have the meanings ascribed thereto in the Warrant), hereby irrevocably elects to purchase (check applicable box):

_____ shares of the Common Stock covered by such Warrant; or

the maximum number of shares of Common Stock covered by such Warrant pursuant to the cashless exercise procedure set forth in Section 2.

The undersigned herewith makes payment of the full Exercise Price for such shares at the price per share provided for in such Warrant, which is $_____. Such payment takes the form of (check applicable box or boxes):

$_____ in lawful money of the United States; and/or

the cancellation of such portion of the attached Warrant as is exercisable for a total of _____ shares of Common Stock (using a Fair Market Value of $_____ per share for purposes of this calculation); and/or

the cancellation of such number of shares of Common Stock as is necessary, in accordance with the formula set forth in Section 2.2, to exercise this Warrant with respect to the maximum number of shares of Common Stock purchasable pursuant to the cashless exercise procedure set forth in Section 2.

The undersigned requests that the certificates for such shares be issued in the name of, and delivered to _____ whose address is _____.

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

Dated:

(Signature must conform to name of holder as specified on the face of the Warrant)

Address:

Exhibit B

FORM OF TRANSFEROR ENDORSEMENT
(To Be Signed Only On Transfer Of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the within Warrant to purchase the percentage and number of shares of Common Stock of Blast Energy Services, Inc. into which the within Warrant relates specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person Attorney to transfer its respective right on the books of Blast Energy Services, Inc. with full power of substitution in the premises.

Transferees	Address	Percentage Transferred	Number Transferred

Dated:

(Signature must conform to name of holder as specified on the face of the Warrant)
Address:

SIGNED IN THE PRESENCE OF:

(Name)

ACCEPTED AND AGREED:
[TRANSFEREE]

(Name)

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO BLAST ENERGY SERVICES, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

Right to Purchase up to 6,090,000 Shares of Common Stock of
Blast Energy Services, Inc.
(subject to adjustment as provided herein)

COMMON STOCK PURCHASE WARRANT

No. _____Issue Date: August 25, 2006

BLAST ENERGY SERVICES, INC., a corporation organized under the laws of the State of California (the "Company"), hereby certifies that, for value received, LAURUS MASTER FUND, LTD., or assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company (as defined herein) from and after the Issue Date of this Warrant and at any time, up to 6,090,000 fully paid and nonassessable shares of Common Stock (as hereinafter defined), par value of $0.001 per share, at the applicable Exercise Price per share (as defined below). The number and character of such shares of Common Stock and the applicable Exercise Price per share are subject to adjustment as provided herein.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(a) The term "Company" shall mean Blast Energy Services, Inc. and any person or entity which shall succeed, or assume the obligations of, Blast Energy Services, Inc. hereunder.

(b) The term "Common Stock" shall mean (i) the Company's Common Stock, no par value per share; and (ii) any other securities into which or for which any of the securities described in the preceding clause (i) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(c) The term "Exercise Price" shall mean $0.01 per share.

(d) The term "Other Securities" shall mean any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holder of the Warrant at any time shall be entitled to receive, or shall have received, on the exercise of the Warrant, in lieu of or in addition to Common Stock, or

which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

1. Exercise of Warrant.

1.1 Number of Shares Issuable upon Exercise. From and after the date hereof, the Holder shall be entitled to receive, upon exercise of this Warrant in whole or in part, by delivery of an original or fax copy of an exercise notice in the form attached hereto as Exhibit A (the "Exercise Notice"), shares of Common Stock of the Company, subject to adjustment pursuant to Section 4.

1.2 Fair Market Value. For purposes hereof, the "Fair Market Value" of a share of Common Stock as of a particular date (the "Determination Date") shall mean:

(a) If the Company's Common Stock is traded on the American Stock Exchange or another national exchange or is quoted on the National or Capital Market of The Nasdaq Stock Market, Inc. ("Nasdaq"), then the closing or last sale price, respectively, reported for the last business day immediately preceding the Determination Date.

(b) If the Company's Common Stock is not traded on the American Stock Exchange or another national exchange or on the Nasdaq but is traded on the NASD Over The Counter Bulletin Board, then the mean of the average of the closing bid and asked prices reported for the last business day immediately preceding the Determination Date.

(c) Except as provided in clause (d) below, if the Company's Common Stock is not publicly traded, then as the Holder and the Company agree or in the absence of agreement by arbitration in accordance with the rules then in effect of the American Arbitration Association, before a single arbitrator to be chosen from a panel of persons qualified by education and training to pass on the matter to be decided.

(d) If the Determination Date is the date of a liquidation, dissolution or winding up, or any event deemed to be a liquidation, dissolution or winding up pursuant to the Company's charter, then all amounts to be payable per share to holders of the Common Stock pursuant to the charter in the event of such liquidation, dissolution or winding up, plus all other amounts to be payable per share in respect of the Common Stock in liquidation under the charter, assuming for the purposes of this clause (d) that all of the shares of Common Stock then issuable upon exercise of the Warrant are outstanding at the Determination Date.

1.3 Company Acknowledgment. The Company will, at the time of the exercise of this Warrant, upon the request of the Holder acknowledge in writing its continuing obligation to afford to such Holder any rights to which such Holder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant. If the Holder shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Holder any such rights.

1.4 Trustee for Warrant Holders. In the event that a bank or trust company shall have been appointed as trustee for the holders of this Warrant pursuant to Subsection 3.2, such bank or trust company shall have all the powers and duties of a warrant agent (as hereinafter described) and shall accept, in its own name for the account of the Company or such successor person as may be entitled thereto, all amounts otherwise payable to the Company or such successor, as the case may be, on exercise of this Warrant pursuant to this Section 1.

2. Procedure for Exercise.

2.1 Delivery of Stock Certificates, Etc., on Exercise. The Company agrees that the shares of Common Stock purchased upon exercise of this Warrant shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares in accordance herewith. As soon as practicable after the exercise of this Warrant in full or in part, and in any event within three (3) business days thereafter, the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the Holder, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct in compliance with applicable securities laws, a certificate or certificates for the number of duly and validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) to which such Holder shall be entitled on such exercise, plus, in lieu of any fractional share to which such Holder would otherwise be entitled, cash equal to such fraction multiplied by the then Fair Market Value of one full share, together with any other stock or other securities and property (including cash, where applicable) to which such Holder is entitled upon such exercise pursuant to Section 1 or otherwise.

2.2 Exercise.

(a) Payment may be made in cash by wire transfer or by certified or official bank check payable to the order of the Company equal to the applicable aggregate Exercise Price for the number of Common Shares specified in such Exercise Notice (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Common Stock issuable to the Holder per the terms of this Warrant) and the Holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully-paid and non-assessable shares of Common Stock (or Other Securities) determined as provided herein.

(b) Notwithstanding the provisions of subsection (a) above to the contrary, if at the time the Holder exercises this Warrant a Registration Statement (as defined in the Registration Rights Agreement entered into by the Company and the Holder dated as of the date hereof, as the same may be amended, restated, supplemented and/or otherwise modified from time to time, the "Registration Rights Agreement") covering the Common Stock issuable to the Holder upon exercise of this Warrant shall not have been declared effective under the Securities Act (as hereafter defined) in accordance with the terms of the Registration Rights Agreement, payment may be made, in the Holder's discretion, either (i) in cash by wire transfer or by certified or official bank check payable to the order of the Company equal to the applicable aggregate Exercise Price, (ii) by delivery of

this Warrant, or shares of Common Stock and/or Common Stock receivable upon exercise of this Warrant in accordance with the formula set forth in subsection (c) below, or (iii) by a combination of any of the foregoing methods, for the number of Common Shares specified in such Exercise Notice (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Common Stock issuable to the Holder per the terms of this Warrant) and the Holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully-paid and non-assessable shares of Common Stock (or Other Securities) determined as provided herein.

(c) In accordance with subsection (b) above, if the Fair Market Value of one share of Common Stock is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant for cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being exercised) by surrender of this Warrant at the principal office of the Company together with the properly endorsed Exercise Notice in which event the Company shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of shares of Common Stock to be issued to the Holder

Y = the number of shares of Common Stock purchasable under this Warrant or, if only a portion of this Warrant is being exercised, the portion of this Warrant being exercised (at the date of such calculation)

A = the Fair Market Value of one share of the Company's Common Stock (at the date of such calculation)

B = the Exercise Price per share (as adjusted to the date of such calculation)

3. Effect of Reorganization, Etc.; Adjustment of Exercise Price.

3.1 Reorganization, Consolidation, Merger, Etc. In case at any time or from time to time the Company shall (a) effect a reorganization, (b) consolidate with or merge into any other person, or (c) transfer all or substantially all of its properties or assets to any other person under any plan or arrangement contemplating the dissolution of the Company, then, in each such case, as a condition to the consummation of such a transaction, proper and adequate provision shall be made by the Company whereby the Holder, on the exercise hereof as provided in Section 1 at any time after the consummation of such reorganization, consolidation or merger or the effective date of such dissolution, as the case may be, shall receive, in lieu of the Common Stock (or Other Securities) issuable on such exercise prior to such consummation or such effective date, the stock and other securities and property (including cash) to which such Holder would have been entitled upon such consummation or in connection with such dissolution, as the case may be, if such Holder had so exercised this Warrant, immediately prior thereto, all subject to further adjustment thereafter as provided in Section 4.

3.2 Dissolution. In the event of any dissolution of the Company following the transfer of all or substantially all of its properties or assets, the Company, concurrently with any distributions made to holders of its Common Stock, shall at its expense deliver or cause to be delivered to the Holder the stock and other securities and property (including cash, where applicable) receivable by the Holder pursuant to Section 3.1, or, if the Holder shall so instruct the Company, to a bank or trust company specified by the Holder and having its principal office in New York, NY as trustee for the Holder (the "Trustee").

3.3 Continuation of Terms. Upon any reorganization, consolidation, merger or transfer (and any dissolution following any transfer) referred to in this Section 3, this Warrant shall continue in full force and effect and the terms hereof shall be applicable to the shares of stock and other securities and property receivable on the exercise of this Warrant after the consummation of such reorganization, consolidation or merger or the effective date of dissolution following any such transfer, as the case may be, and shall be binding upon the issuer of any such stock or other securities, including, in the case of any such transfer, the person acquiring all or substantially all of the properties or assets of the Company, whether or not such person shall have expressly assumed the terms of this Warrant as provided in Section 4. In the event this Warrant does not continue in full force and effect after the consummation of the transactions described in this Section 3, then the Company's securities and property (including cash, where applicable) receivable by the Holder will be delivered to the Holder or the Trustee as contemplated by Section 3.2.

4. Extraordinary Events Regarding Common Stock. In the event that the Company shall (a) issue additional shares of the Common Stock as a dividend or other distribution on outstanding Common Stock or any preferred stock issued by the Company, (b) subdivide its outstanding shares of Common Stock, or (c) combine its outstanding shares of the Common Stock into a smaller number of shares of the Common Stock, then, in each such event, the Exercise Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Exercise Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Exercise Price then in effect. The Exercise Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 4. The number of shares of Common Stock that the Holder shall thereafter, on the exercise hereof as provided in Section 1, be entitled to receive shall be adjusted to a number determined by multiplying the number of shares of Common Stock that would otherwise (but for the provisions of this Section 4) be issuable on such exercise by a fraction of which (a) the numerator is the Exercise Price that would otherwise (but for the provisions of this Section 4) be in effect, and (b) the denominator is the Exercise Price in effect on the date of such exercise (taking into account the provisions of this Section 4). Notwithstanding the foregoing, in no event shall the Exercise Price be less than the par value of the Common Stock.

5. Certificate as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable on the exercise of this Warrant, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate

designee to compute such adjustment or readjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock (or Other Securities) outstanding or deemed to be outstanding, and (c) the Exercise Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder and any warrant agent of the Company (appointed pursuant to Section 11 hereof).

6. Reservation of Stock, Etc., Issuable on Exercise of Warrant. The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of this Warrant, shares of Common Stock (or Other Securities) from time to time issuable on the exercise of this Warrant.

7. Assignment; Exchange of Warrant. Subject to compliance with applicable securities laws, this Warrant, and the rights evidenced hereby, may be transferred by any registered holder hereof (a "Transferor") in whole or in part. On the surrender for exchange of this Warrant, with the Transferor's endorsement in the form of Exhibit B attached hereto (the "Transferor Endorsement Form") and together with evidence reasonably satisfactory to the Company demonstrating compliance with applicable securities laws, which shall include, without limitation, a legal opinion from the Transferor's counsel (at the Transferor's expense) that such transfer is exempt from the registration requirements of applicable securities laws, the Company at its expense (but with payment by the Transferor of any applicable transfer taxes) will issue and deliver to or on the order of the Transferor thereof a new Warrant of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Transferor Endorsement Form (each a "Transferee"), calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face or faces of the Warrant so surrendered by the Transferor.

8. Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of this Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. Registration Rights. The Holder has been granted certain registration rights by the Company. These registration rights are set forth in a Registration Rights Agreement entered into by the Company and Holder dated as of the date hereof, as the same may be amended, modified and/or supplemented from time to time.

10. Maximum Exercise. Notwithstanding anything herein to the contrary, in no event shall the Holder be entitled to exercise any portion of this Warrant in excess of that portion of

this Warrant upon exercise of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its Affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unexercised portion of the Warrant or the unexercised or unconverted portion of any other security of the Holder subject to a limitation on conversion analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the exercise of the portion of this Warrant with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its Affiliates of any amount greater than 4.99% of the then outstanding shares of Common Stock (whether or not, at the time of such exercise, the Holder and its Affiliates beneficially own more than 4.99% of the then outstanding shares of Common Stock). As used herein, the term "Affiliate" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person or entity, as such terms are used in and construed under Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). For purposes of the proviso to the second preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The limitations set forth herein (x) may be waived by the Holder upon provision of no less than sixty-one (61) days prior notice to the Company and (y) shall automatically become null and void following notice to the Company upon the occurrence and during the continuance of an Event of Default (as defined in the Note referred to in the Securities Purchase Agreement dated as of the date hereof among the Holder and the Company (as amended, modified, restated and/or supplemented from time to time, the "Purchase Agreement")).

11. Warrant Agent. The Company may, by written notice to the Holder of the Warrant, appoint an agent for the purpose of issuing Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 1, exchanging this Warrant pursuant to Section 7, and replacing this Warrant pursuant to Section 8, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

12. Transfer on the Company's Books. Until this Warrant is transferred on the books of the Company, the Company may treat the registered holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

13. Notices, Etc. All notices and other communications from the Company to the Holder shall be mailed by first class registered or certified mail, postage prepaid, at such address as may have been furnished to the Company in writing by such Holder or, until any such Holder furnishes to the Company an address, then to, and at the address of, the last Holder who has so furnished an address to the Company.

14. Miscellaneous. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF

LAWS. ANY ACTION BROUGHT CONCERNING THE TRANSACTIONS CONTEMPLATED BY THIS WARRANT SHALL BE BROUGHT ONLY IN THE STATE COURTS OF NEW YORK OR IN THE FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT THE HOLDER MAY CHOOSE TO WAIVE THIS PROVISION AND BRING AN ACTION OUTSIDE THE STATE OF NEW YORK. The individuals executing this Warrant on behalf of the Company agree to submit to the jurisdiction of such courts and waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs. In the event that any provision of this Warrant is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Warrant. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof. The Company acknowledges that legal counsel participated in the preparation of this Warrant and, therefore, stipulates that the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of this Warrant to favor any party against the other party.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK;

SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

BLAST ENERGY SERVICES, INC.

WITNESS:

By: /s/ John O'Keefe

Name: John O'Keefe

/s/ John MacDonald

Title: EVP, CFO, and Co-CEO

EXHIBIT A

FORM OF SUBSCRIPTION

(To Be Signed Only On Exercise Of Warrant)

TO: Blast Energy Services, Inc.

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

Attention: Chief Financial Officer

The undersigned, pursuant to the provisions set forth in the attached Warrant (No.____) (as amended, restated or otherwise modified from time to time, the "Warrant"; capitalized terms used but not defined in this notice shall have the meanings ascribed thereto in the Warrant), hereby irrevocably elects to purchase (check applicable box):

_____ _____ shares of the common stock covered by such warrant; or

_____ the maximum number of shares of common stock covered by such warrant pursuant to the cashless exercise procedure set forth in Section 2.

The undersigned herewith makes payment of the full Exercise Price for such shares at the price per share provided for in such Warrant, which is $_____. Such payment takes the form of (check applicable box or boxes):

_____ $_____ in lawful money of the United States; and/or

_____ the cancellation of such portion of the attached Warrant as is exercisable for a total of _____ shares of Common Stock (using a Fair Market Value of $_____ per share for purposes of this calculation); and/or

_____ the cancellation of such number of shares of Common Stock as is necessary, in accordance with the formula set forth in Section 2.2, to exercise this Warrant with respect to the maximum number of shares of Common Stock purchasable pursuant to the cashless exercise procedure set forth in Section 2.

The undersigned requests that the certificates for such shares be issued in the name of, and delivered to _____ whose address is _____.

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

Dated: _____

(Signature must conform to name of holder as specified on the face of the Warrant)

Address: _____

_____

EXHIBIT B

FORM OF TRANSFEROR ENDORSEMENT

(To Be Signed Only On Transfer Of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the within Warrant to purchase the percentage and number of shares of Common Stock of Blast Energy Services, Inc. into which the within Warrant relates specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person Attorney to transfer its respective right on the books of Blast Energy Services, Inc. with full power of substitution in the premises.

Transferees	Address	Percentage Transferred	Number Transferred

Dated: _____

_____
(Signature must conform to name of holder as specified on the face of the Warrant)

Address: _____

_____

SIGNED IN THE PRESENCE OF:

_____
(Name)

ACCEPTED AND AGREED:

[TRANSFEREE]

_____
(Name)

Exhibit 4.4

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of August 25, 2006, by and between Blast Energy Services, Inc., a California corporation (the "Company"), and Laurus Master Fund, Ltd. (the "Purchaser").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof, by and between the Purchaser and the Company (as amended, restated, modified or supplemented from time to time, the "Purchase Agreement"), and pursuant to the Warrants referred to therein.

The Company and the Purchaser hereby agree as follows:

1.**Definitions**. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"*Commission*" means the Securities and Exchange Commission.

"*Common Stock*" means shares of the Company's common stock, par value $0.001 per share.

"*Effectiveness Date*" means, (i) with respect to the Registration Statement required to be filed in connection with the Warrants issued on the date hereof, a date no later than one hundred eighty (180) days following such date and (ii) with respect to each additional Registration Statement required to be filed hereunder (if any), a date no later than thirty (30) days following the applicable Filing Date.

"*Effectiveness Period*" has the meaning set forth in Section 2(a).

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and any successor statute.

"*Filing Date*" means, with respect to (1) the Registration Statement required to be filed in connection with the shares of Common Stock issuable to the Holder upon exercise of a Warrant, the date which is sixty (60) days after the issuance of such Warrant, and (2) the Registration Statement required to be filed in connection with the shares of Common Stock issuable to the Holder as a result of adjustments to the Exercise Price made pursuant to Section 4 of the Warrant or otherwise, thirty (30) days after the occurrence of such event or the date of the adjustment of the Exercise Price.

"*Holder*" or "*Holders*" means the Purchaser or any of its affiliates or transferees to the extent any of them hold Registrable Securities, other than those purchasing Registrable Securities in a market transaction.

"*Indemnified Party*" has the meaning set forth in Section 5(c).

"*Indemnifying Party*" has the meaning set forth in Section 5(c).

"*Proceeding*" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"*Prospectus*" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"*Purchase Agreement*" has the meaning given to such term in the Preamble hereto.

"*Registrable Securities*" means the shares of Common Stock issuable upon exercise of the Warrants.

"*Registration Statement*" means each registration statement required to be filed hereunder, including the Prospectus therein, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"*Rule 144*" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Rule 415*" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Securities Act*" means the Securities Act of 1933, as amended, and any successor statute.

"*Trading Day*" means each day the Trading Market on which the Common Stock is traded is open and available to trade securities.

"*Trading Market*" means any of the NASD Over The Counter Bulletin Board, NASDAQ Capital Market, the NASDAQ National Markets System, the American Stock Exchange or the New York Stock Exchange.

"*Warrants*" means the Common Stock Purchase Warrants issued in connection with the Purchase Agreement, whether on the date thereof or thereafter.

2. Registration.

(a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the Registrable Securities for a selling stockholder resale offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith). The Company shall cause each Registration Statement to become effective and remain effective as provided herein. The Company shall use its best efforts to cause each Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the Effectiveness Date. The Company shall use its best efforts to keep each Registration Statement continuously effective under the Securities Act until the date which is the earlier date of when (i) all Registrable Securities covered by such Registration Statement have been sold or (ii) all Registrable Securities covered by such Registration Statement may be sold immediately without registration under the Securities Act and without volume restrictions pursuant to Rule 144(k), as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (each, an "Effectiveness Period").

(b) If: (i) the Registration Statement is not filed on or prior to the Filing Date; (ii) the Registration Statement is not declared effective by the Commission by the Effectiveness Date; (iii) after the Registration Statement is filed with and declared effective by the Commission, the Registration Statement ceases to be effective (by suspension or otherwise) as to all Registrable Securities to which it is required to relate at any time prior to the expiration of the Effectiveness Period (without being succeeded immediately by an additional registration statement filed and declared effective) for a period of time which shall exceed 30 days in the aggregate per year (defined as a period of 365 days commencing on the date the Registration Statement is declared effective) or more than 20 consecutive calendar days; or (iv) the Common Stock is not listed or quoted, or is suspended from trading on any Trading Market for a period of three (3) consecutive Trading Days (provided the Company shall not have been able to cure such trading suspension within 30 days of the notice thereof or list the Common Stock on another Trading Market); (any such failure or breach being referred to as an "Event," and for purposes of clause (i) or (ii) the date on which such Event occurs, or for purposes of clause (iii) the date which such 30 day or 20 consecutive day period (as the case may be) is exceeded, or for purposes of clause (iv) the date on which such three (3) Trading Day period is exceeded, being referred to as "Event Date"), then until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to 1.0% for each thirty (30) day period (prorated for partial periods) on a daily basis of the original principal amount of the Note; provided that, the maximum aggregate amount of liquidated damages that may be charged to the Company pursuant to this Section 2(b) shall not exceed ~~10~~**7.5**% of the initial Principal Amount of the Term Note. While such Event continues, such liquidated damages shall be paid not less often than each thirty (30) days. Any unpaid liquidated damages as of the date when an Event has been cured by the Company shall be paid within three (3) days following the date on which such Event has been cured by the Company.

(c) Within three business days of the Effectiveness Date, the Company shall cause its counsel to issue a blanket opinion in the form attached hereto as Exhibit A to the transfer agent stating that the shares are subject to an effective registration statement and can be reissued free of restrictive legend upon notice of a sale by the Purchaser and confirmation by the Purchaser that it has complied with the prospectus delivery requirements, provided that the Company has not advised the transfer agent orally or in writing that the opinion has been withdrawn. Copies of the blanket opinion required by this Section 2(c) shall be delivered to the Purchaser within the time frame set forth above.

3.**Registration Procedures.** If and whenever the Company is required by the provisions hereof to effect the registration of any Registrable Securities under the Securities Act, the Company will, as expeditiously as possible:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities, respond as promptly as possible to any comments received from the Commission, and use its best efforts to cause such Registration Statement to become and remain effective for the Effectiveness Period with respect thereto, and promptly provide to the Purchaser copies of all filings and Commission letters of comment relating thereto;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement and to keep such Registration Statement effective until the expiration of the Effectiveness Period applicable to such Registration Statement;

(c) furnish to the Purchaser such number of copies of the Registration Statement and the Prospectus included therein (including each preliminary Prospectus) as the Purchaser reasonably may request to facilitate the public sale or disposition of the Registrable Securities covered by such Registration Statement;

(d) use its best efforts to register or qualify the Purchaser's Registrable Securities covered by such Registration Statement under the securities or "blue sky" laws of such jurisdictions within the United States as the Purchaser may reasonably request, provided, however, that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;

(e) list the Registrable Securities covered by such Registration Statement with any securities exchange on which the Common Stock of the Company is then listed;

(f) immediately notify the Purchaser at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event of which the Company has knowledge as a result of which the Prospectus contained in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; and

(g) make available for inspection by the Purchaser and any attorney, accountant or other agent retained by the Purchaser, all publicly available, non-confidential financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors and employees to supply all publicly available, non-confidential information reasonably requested by the attorney, accountant or agent of the Purchaser.

4.**Registration Expenses.** All expenses relating to the Company's compliance with Sections 2 and 3 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, fees and expenses (including reasonable and customary counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the NASD, transfer taxes, fees of transfer agents and registrars, and fees of, and disbursements incurred by, one counsel for the Holders, are called "Registration Expenses". All selling commissions applicable to the sale of Registrable Securities, including any fees and disbursements of any special counsel to the Holders beyond those included in Registration Expenses, are called "Selling Expenses." The Company shall only be responsible for all Registration Expenses.

5.**Indemnification.**

(a) In the event of a registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each Holder, and its officers, directors and each other person, if any, who controls such Holder within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such Holder, or such persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Securities were registered under the Securities Act pursuant to this Agreement, any preliminary Prospectus or final Prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such Holder, and each such person for any reasonable legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by or on behalf of the Purchaser or any such person in writing specifically for use in any such document.

(b) In the event of a registration of the Registrable Securities under the Securities Act pursuant to this Agreement, the Purchaser will indemnify and hold harmless the Company, and its officers, directors and each other person, if any, who controls the Company within the meaning of the Securities Act, against all losses, claims, damages or liabilities, joint or several, to which the Company or such persons may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof)

arise out of or are based upon any untrue statement or alleged untrue statement of any material fact which was furnished in writing by the Purchaser to the Company expressly for use in (and such information is contained in) the Registration Statement under which such Registrable Securities were registered under the Securities Act pursuant to this Agreement, any preliminary Prospectus or final Prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and each such person for any reasonable legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, provided, however, that the Purchaser will be liable in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing to the Company by or on behalf of the Purchaser specifically for use in any such document. Notwithstanding the provisions of this paragraph, the Purchaser shall not be required to indemnify any person or entity in excess of the amount of the aggregate net proceeds received by the Purchaser in respect of Registrable Securities in connection with any such registration under the Securities Act.

(c) Promptly after receipt by a party entitled to claim indemnification hereunder (an "Indemnified Party") of notice of the commencement of any action, such Indemnified Party shall, if a claim for indemnification in respect thereof is to be made against a party hereto obligated to indemnify such Indemnified Party (an "Indemnifying Party"), notify the Indemnifying Party in writing thereof, but the omission so to notify the Indemnifying Party shall not relieve it from any liability which it may have to such Indemnified Party other than under this Section 5(c) and shall only relieve it from any liability which it may have to such Indemnified Party under this Section 5(c) if and to the extent the Indemnifying Party is prejudiced by such omission. In case any such action shall be brought against any Indemnified Party and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such Indemnified Party, and, after notice from the Indemnifying Party to such Indemnified Party of its election so to assume and undertake the defense thereof, the Indemnifying Party shall not be liable to such Indemnified Party under this Section 5(c) for any legal expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; if the Indemnified Party retains its own counsel, then the Indemnified Party shall pay all fees, costs and expenses of such counsel, provided, however, that, if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the Indemnifying Party or if the interests of the Indemnified Party reasonably may be deemed to conflict with the interests of the Indemnifying Party, the Indemnified Party shall have the right to select one separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the reasonable expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the Indemnifying Party as incurred.

(d) In order to provide for just and equitable contribution in the event of joint liability under the Securities Act in any case in which either (i) the Purchaser, or any officer,

director or controlling person of the Purchaser, makes a claim for indemnification pursuant to this Section 5 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 5 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of the Purchaser or such officer, director or controlling person of the Purchaser in circumstances for which indemnification is provided under this Section 5; then, and in each such case, the Company and the Purchaser will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that the Purchaser is responsible only for the portion represented by the percentage that the public offering price of its securities offered by the Registration Statement bears to the public offering price of all securities offered by such Registration Statement, provided, however, that, in any such case, (A) the Purchaser will not be required to contribute any amount in excess of the public offering price of all such securities offered by it pursuant to such Registration Statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

6.**Representations and Warranties.**

(a) The Common Stock is not registered pursuant to Section 12(b) or 12(g) of the Exchange Act but the Company files its reports pursuant to Section 15(d) under the Exchange Act and, except with respect to certain matters which the Company has disclosed to the Purchaser on Schedule 4.21 to the Purchase Agreement, the Company has timely filed all proxy statements, reports, schedules, forms, statements and other documents required to be filed by it under the Exchange Act. The Company has filed (i) its Annual Report on Form 10-KSB for its fiscal year ended December 31, 2005 and (ii) its Quarterly Report on Form 10-QSB for the fiscal quarters ended March 31, 2006 and June 30, 2006 (collectively, the "SEC Reports"). Each SEC Report was, at the time of its filing, in substantial compliance with the requirements of its respective form and none of the SEC Reports, nor the financial statements (and the notes thereto) included in the SEC Reports, as of their respective filing dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission or other applicable rules and regulations with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed) and fairly present in all material respects the financial condition, the results of operations and the cash flows of the Company and its subsidiaries, on a consolidated basis, as of, and for, the periods presented in each such SEC Report.

(b) The Common Stock is listed or quoted, as applicable, for trading on the NASDAQ Over The Counter Bulletin Board and satisfies all requirements for the continuation of such listing or quotation, as applicable, and the Company shall do all things necessary for the continuation of such listing or quotation, as applicable. The Company has not received any notice that its Common Stock will be delisted from or no longer be quoted on, as applicable, the NASDAQ Over The Counter Bulletin Board (except for prior notices which have been fully remedied) or that the Common Stock does not meet all requirements for the continuation of such listing or quotation, as applicable.

(c) Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any security or solicited any offers to buy any security under circumstances that would cause the offering of the Securities pursuant to the Purchase Agreement to be integrated with prior offerings by the Company for purposes of the Securities Act which would prevent the Company from selling the Common Stock pursuant to Rule 506 under the Securities Act, or any applicable exchange-related stockholder approval provisions, nor will the Company or any of its affiliates or subsidiaries take any action or steps that would cause the offering of the Common Stock to be integrated with other offerings (other than such concurrent offering to the Purchaser).

(d) The Warrants and the shares of Common Stock that the Purchaser may acquire pursuant to the Warrants are all restricted securities under the Securities Act as of the date of this Agreement. The Company will not issue any stop transfer order or other order impeding the sale and delivery of any of the Registrable Securities at such time as such Registrable Securities are registered for public sale or an exemption from registration is available, except as required by federal or state securities laws.

(e) The Company understands the nature of the Registrable Securities issuable upon the exercise of each Warrant and recognizes that the issuance of such Registrable Securities may have a potential dilutive effect. The Company specifically acknowledges that its obligation to issue the Registrable Securities is binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other shareholders of the Company.

(f) Except for agreements made in the ordinary course of business, there is no agreement that has not been filed with the Commission as an exhibit to a registration statement or to a form required to be filed by the Company under the Exchange Act, the breach of which could reasonably be expected to have a material and adverse effect on the Company and its subsidiaries, or would prohibit or otherwise interfere with the ability of the Company to enter into and perform any of its obligations under this Agreement in any material respect.

(g) The Company will at all times have authorized and reserved a sufficient number of shares of Common Stock for the full exercise of the Warrants.

(h) The Company shall provide written notice to each Holder of (i) the occurrence of each Discontinuation Event (as defined below) and (ii) the declaration of

effectiveness by the SEC of each Registration Statement required to be filed hereunder, in each case within one (1) business day of the date of each such occurrence and/or declaration.

7.**Miscellaneous.**

(a) **Remedies.** In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement.

(b) **No Piggyback on Registrations.** Except as and to the extent set forth on Schedule 7(b) hereto, neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statement other than the Registrable Securities, and the Company shall not after the date hereof enter into any agreement providing any such right for inclusion of shares in the Registration Statement to any of its security holders. Except as and to the extent specified in Schedule 7(b) hereto, the Company has not previously entered into any agreement granting any registration rights with respect to any of its securities to any person or entity that have not been fully satisfied.

(c) **Compliance.** Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to any Registration Statement.

(d) **Discontinued Disposition.** Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of a Discontinuation Event (as defined below), such Holder will forthwith discontinue disposition of such Registrable Securities under the applicable Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph. For purposes of this Agreement, a "Discontinuation Event" shall mean (i) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders); (ii) any request by the Commission or any other Federal or state governmental authority for amendments or supplements to such Registration Statement or Prospectus or for additional information; (iii) the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any

jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and/or (v) the occurrence of any event or passage of time that makes the financial statements included in such Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) **Piggy-Back Registrations.** If at any time during any Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities required to be covered during such Effectiveness Period and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen (15) days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered, to the extent the Company may do so without violating registration rights of others which exist as of the date of this Agreement, subject to customary underwriter cutbacks applicable to all holders of registration rights and subject to obtaining any required consent of any selling stockholder(s) to such inclusion under such registration statement.

(f) **Amendments and Waivers.** The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(g) **Notices.** Any notice or request hereunder may be given to the Company or the Purchaser at the respective addresses set forth below or as may hereafter be specified in a notice designated as a change of address under this Section 7(g). Any notice or request hereunder shall be given by registered or certified mail, return receipt requested, hand delivery, overnight mail, Federal Express or other national overnight next day carrier (collectively, “Courier”) or telecopy (confirmed by mail). Notices and requests shall be, in the case of those by hand delivery, deemed to have been given when delivered to any party to whom it is

addressed, in the case of those by mail or overnight mail, deemed to have been given three (3) business days after the date when deposited in the mail or with the overnight mail carrier, in the case of a Courier, the next business day following timely delivery of the package with the Courier, and, in the case of a telecopy, when confirmed. The address for such notices and communications shall be as follows:

If to the Company:	Blast Energy Services, Inc. 14550 Torrey Chase Boulevard Suite 330 Houston, TX 77014 Attention: Chief Financial Officer Facsimile: 281-453-2899
with a copy to:	Adams and Reese LLP 4400 One Houston Center 1221 McKinney Houston, Texas 77010 Facsimile: (713) 308-4042 Attention: Michael T. Larkin
If to a Purchaser:	To the address set forth under such Purchaser name on the signature pages hereto.
If to any other Person who is then the registered Holder:	To the address of such Holder as it appears in the stock transfer books of the Company

or such other address as may be designated in writing hereafter in accordance with this Section 7(g) by such Person.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign its respective rights hereunder in the manner and to the persons and entities as permitted under the Purchase Agreement.

(i) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) Governing Law, Jurisdiction and Waiver of Jury Trial. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. The Company hereby consents and agrees that the state or federal courts located in the County of New York, State of New York shall have exclusion jurisdiction to hear and determine any Proceeding between the Company, on the one hand, and the Purchaser, on the other hand, pertaining to this Agreement or to any matter arising out of or related to this Agreement; provided, that the Purchaser and the Company acknowledge that any appeals from those courts may have to be heard by a court located outside of the County of New York, State of New York, and further provided, that nothing in this Agreement shall be deemed or operate to preclude the Purchaser from bringing a Proceeding in any other jurisdiction to collect the obligations, to realize on the Collateral (as defined in the Master Security Agreement) or any other security for the obligations, or to enforce a judgment or other court order in favor of the Purchaser. The Company expressly submits and consents in advance to such jurisdiction in any Proceeding commenced in any such court, and the Company hereby waives any objection which it may have based upon lack of personal jurisdiction, improper venue or forum non conveniens. The Company hereby waives personal service of the summons, complaint and other process issued in any such Proceeding and agrees that service of such summons, complaint and other process may be made by registered or certified mail addressed to the Company at the address set forth in Section 7(g) and that service so made shall be deemed completed upon the earlier of the Company's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid. The parties hereto desire that their disputes be resolved by a judge applying such applicable laws. Therefore, to achieve the best combination of the benefits of the judicial system and of arbitration, the parties hereto waive all rights to trial by jury in any Proceeding brought to resolve any dispute, whether arising in contract, tort, or otherwise between the Purchaser and/or the Company arising out of, connected with, related or incidental to the relationship established between then in connection with this Agreement. If either party hereto shall commence a Proceeding to enforce any provisions of this Agreement, the Purchase Agreement or any other Related Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(k) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Balance of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

BLAST ENERGY SERVICES, INC.

By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, & Co-CEO

LAURUS MASTER FUND, LTD.

By: /s/ Laurus Master Fund LTD.
Name:_____
Title:_____

Address for Notices:

825 Third Avenue, 14th Floor
New York, New York 10022
Attention: David Grin
Facsimile: 212-541-4434

EXHIBIT A

_____, 200___

[Continental Stock Transfer

& Trust Company

Two Broadway

New York, New York 10004

Attn: William Seegraber]

Re: Blast Energy Services, Inc. Registration Statement on Form [S-3]

Ladies and Gentlemen:

As counsel to Blast Energy Services, Inc., a California corporation (the "Company"), we have been requested to render our opinion to you in connection with the resale by the individuals or entitles listed on Schedule A attached hereto (the "Selling Stockholders"), of an aggregate of _____ shares (the "Shares") of the Company's Common Stock.

A Registration Statement on Form [S-3] under the Securities Act of 1933, as amended (the "Act"), with respect to the resale of the Shares was declared effective by the Securities and Exchange Commission on [date]. Enclosed is the Prospectus dated [date]. We understand that the Shares are to be offered and sold in the manner described in the Prospectus.

Based upon the foregoing, upon request by the Selling Stockholders at any time while the registration statement remains effective, it is our opinion that the Shares have been registered for resale under the Act and new certificates evidencing the Shares upon their transfer or re-registration by the Selling Stockholders may be issued without restrictive legend. We will advise you if the registration statement is not available or effective at any point in the future.

Very truly yours,

[Company counsel]

Schedule A to Exhibit A

Selling Stockholder	R/N/O	Shares Being Offered

SCHEDULE 7(b)

Blast Energy Services, Inc.

Outstanding Share issuances with registration rights:

	Common	Warrants	Total
Alberta Energy Partners	3,000,000	0	3,000,000
David Adams	105,000	0	105,000
Berg McAfee Companies	82,074	0	82,074
BlausenLisi L.P.	35,000	0	35,000
John Block	26,250	0	26,250
Michael Brown Trust	116,923	0	116,923
Tess Brown Trust	38,974	0	38,974
Clayton McEvoy P.C.	30,000	0	30,000
Friedland Corporate Services LLC	135,000	0	135,000
Roger P. Herbert	12,500	0	12,500
Scott Johnson	100,000	50,000	150,000
Linden Growth Partners	1,777,950	400,000	2,177,950
John MacDonald	31,250	0	31,250
Eric McAfee	82,074	0	82,074
McGuinness Ltd Partnership	100,000	0	100,000
Steve Nowell	43,750	0	43,750
O'Keefe Capital Partners	105,000	0	105,000
Joe Penbera	55,000	0	55,000
Prima Capital Group	60,000	0	60,000
ProFab Equipment	33,333	0	33,333
Fred Ruiz	38,750	0	38,750
Joe Sofia	0	10,000	10,000
Charles Steinberger	900,000	0	900,000
Colt Stewart	0	20,000	20,000
Andrew Wilson	107,500	0	107,500
Jim Woodward	38,750	0	38,750
Frederick Tripp Trust	38,974		38,974
	7,094,052	480,000	7,574,052
Shares issued to Rig Sellers:			
Glenn A. Foster	1,631,250	562,500	2,193,750
Richard Thornton	2,051,250	362,500	2,413,750
Herman Livesay	1,725,000	250,000	1,975,000
Thornton Family Irrevocable Trust	0	0	0
Thornton Business Security Trust	11,092,500	3,825,000	14,917,500
Second Bridge LLC	900,000	0	900,000
			22,400,000

Exhibit 4.5

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") is made and entered into as of August, _____, 2006 between **Blast Energy Services Inc,** a California corporation (the "Company") and _____. (“Holder”).

R E C I T A L S

WHEREAS, the Company proposes to issue to Holder _____ warrants (the "Warrants"), each such Warrant entitling the holder thereof to purchase one share of Common Stock, no par, of the Company on the terms and conditions as set forth herein (the "Shares" or the "Common Stock"); and

WHEREAS, the Warrants which are the subject of this Agreement, will be issued by the Company to the Holder as part of consideration payable to Holder in connection with equity issued by the Company.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

A G R E E M E N T

1. Warrant Certificates. The warrant certificates to be delivered pursuant to this Agreement (the "Warrant Certificates") shall be in the form set forth in Exhibit A, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Warrant Agreement.

2. Right to Exercise Warrants. Each Warrant may be exercised from the date of this Agreement until 11:59 P.M. (Houston time) on the date that is two years after the date of this Agreement (the "Expiration Date"). Each Warrant not exercised on or before the Expiration Date shall expire.

Each Warrant shall entitle its holder to purchase from the Company one share of Common Stock at an exercise price of $0.20 per share up to two years after the date of this agreement, subject to adjustment as set forth below ("Exercise Price").

The Company shall not be required to issue fractional shares of capital stock upon the exercise of this Warrant or to deliver Warrant Certificates which evidence fractional shares of capital stock. In the event that a fraction of an Exercisable Share would, except for the provisions of this paragraph 2, be issuable upon the exercise of this Warrant, the Company shall pay to the Holder exercising the Warrant an amount in cash equal to such fraction multiplied by the current market value of the Exercise Share. For purposes of this paragraph 2, the current market value shall be determined as follows:

(a) if the Exercise Shares are traded in the over-the-counter market and not on any national securities exchange and not in the NASDAQ Reporting System, the average of the mean between the last bid and asked prices per share, as reported by the National Quotation Bureau, Inc., or an equivalent generally accepted reporting service, for the last business day prior to the date on which this Warrant is exercised, or, if not so reported, the average of the closing bid and asked prices for an Exercise Share as furnished to the Company by any member of the National Association of Securities Dealers, Inc., selected by the Company for that purpose.

(b) if the Exercise Shares are listed or traded on a national securities exchange or in the NASDAQ Reporting System, the closing price on the principal national securities exchange on which they are so listed or traded or in the NASDAQ Reporting System, as the case may be, on the last business day prior to the date of the exercise of this Warrant. The closing price referred to in this Clause (b) shall be the last reported sales price or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case on the national securities exchange on which the Exercise Shares are then listed on in the NASDAQ Reporting System; or

(c) if no such closing price or closing bid and asked prices are available, as determined in any reasonable manner as may be prescribed by the Board of Directors of the Company.

3. Mutilated or Missing Warrant Certificates. In case any of the Warrant Certificates shall be mutilated, lost, stolen or destroyed prior to its expiration date, the Company shall issue and deliver, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and in substitution for the Warrant Certificate lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent right or interest.

4. Reservation of Shares. The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Shares or its authorized and issued Shares held in its treasury for the purpose of enabling it to satisfy its obligation to issue Shares upon exercise of Warrants, the full number of Shares deliverable upon the exercise of all outstanding Warrants.

The Company covenants that all Shares which may be issued upon exercise of Warrants will be validly issued, fully paid and non-assessable outstanding Shares of the Company.

5. Rights of Holder. The Holder shall not, by virtue of anything contained in this Warrant Agreement or otherwise, prior to exercise of this Warrant, be entitled to any right whatsoever, either in law or equity, of a stockholder of the Company, including without limitation, the right to receive dividends or to vote or to consent or to receive notice as a shareholder in respect of the meetings of shareholders or the election of directors of the Company of any other matter.

6. Investment Intent. Holder represents and warrants to the Company that Holder is acquiring the Warrants for investment and with no present intention of distributing or reselling any of the Warrants. The Holder confirms and agrees that it is an “accredited investor” as defined pursuant to the rules and regulations promulgated under the Securities Act of 1933, as amended (the “Securities Act”). The Holder confirms and acknowledges to the Company that the representations and warranties contained in the Subscription Agreement entered into by the Holder and the Company as of the date hereof are true and correct.

7. Certificates to Bear Language. The Warrants and the certificate or certificates therefore shall bear the following legend by which each holder shall be bound:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANS-FERRED WITHOUT AN EFFECTIVE REGIS-TRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL, REASON-ABLY SATISFACTORY TO THE COR-PORATION AND ITS COUN-SEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

The Shares and the certificate or certificates evidencing any such Shares shall bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE SHARES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE."

Certificates for Warrants without such legend shall be issued if such warrants or shares are sold pursuant to an effective registration statement under the Securities Act of 1933 (the "Act") or if the Company has received an opinion from counsel reasonably satisfactory to counsel for the Company, that such legend is no longer required under the Act.

8. Registration Rights. The Company is obligated to register the shares of Common Stock underlying the Warrants in any subsequent registration statement filed by the Company with the Securities and Exchange Commission, so that holders of such Common Stock shall be entitled to sell the same simultaneously with and upon the terms and conditions as the securities sold for the account of the Company are being sold pursuant to any such registration statement, subject to reasonable and customary lock-up provisions as may be proposed by the underwriter of said registration statement and agreed to by the investors (the "Piggyback Registration Right").

9. Adjustment of Number of Shares and Class of Capital Stock Purchasable. The Number of Shares and Class of Capital Stock purchasable under this Warrant Agreement are subject to adjustment from time to time as set forth in this Section.

(a) Adjustment for Change in Capital Stock. If the Company:

(i) pays a dividend or makes a distribution on its Common Stock, in each case, in shares of its Common Stock;

(ii) subdivides its outstanding shares of Common Stock into a greater number of shares;

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

(iv) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or

(v) issues by reclassification of its shares of Common Stock any shares of its capital stock;

then the number and classes of shares purchasable upon exercise of each Warrant in effect immediately prior to such action shall be adjusted so that the holder of any Warrant thereafter exercised may receive the number and classes of shares of capital stock of the Company which such holder would have owned immediately following such action if such holder had exercised the Warrant immediately prior to such action.

For a dividend or distribution the adjustment shall become effective immediately after the record date for the dividend or distribution. For a subdivision, combination or reclassification, the adjustment shall become effective immediately after the effective date of the subdivision, combination or reclassification.

If after an adjustment the holder of a Warrant upon exercise of it may receive shares of two or more classes of capital stock of the Company, the Board of Directors of the Company shall in good faith determine the allocation of the adjusted Exercise Price between or among the classes of capital stock. After such allocation, that portion of the Exercise Price applicable to each share of each such class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Agreement. Notwithstanding the allocation of the Exercise Price between or among shares of capital stock as provided by this Section 9(a), a Warrant may only be exercised in full by payment of the entire Exercise Price currently in effect.

(b) Consolidation, Merger or Sale of the Company. If the Company is a party to a consolidation, merger or transfer of assets which reclassifies or changes its outstanding Common Stock, the successor corporation (or corporation controlling the successor corporation or the Company, as the case may be) shall by operation of law assume the Company's obligations under this Warrant Agreement. Upon consummation of such transaction the Warrants shall auto-matically become exercisable for the kind and amount of securities, cash or other assets which the holder of a Warrant would have owned immediately after the consolidation, merger or transfer if the holder had exercised the Warrant immediately before the effective date of such transaction. As a condition to the consummation of such transaction, the Company shall arrange for the person or entity obligated to issue securities or deliver cash or other assets upon exercise of the Warrant to, concurrently with the consummation of such transaction, assume the Company's obligations hereunder by executing an instrument so providing and further providing for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Section 9.

10. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or Holder shall bind and inure to the benefit of their respective successor and assigns hereunder. The Holder may not assign this Warrant without the prior written consent of the Company, such consent not to be unreasonably withheld, provided further that any such transfer may be made only pursuant to an effective registration statement or pursuant to any exemption from the registration requirements under the Securities Act.

11. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all proposes be deemed to be an original, and such counterparts shall together constitute by one and the same instrument.

12. Notices. All notices or other communications under this Warrant shall be in writing and shall be deemed to have been given if delivered by hand or mailed by certified mail, postage prepaid, return receipt requested, addressed as follows: if to the Company: Attention: Chief Executive Officer, and to the Holder: at the address of the Holder appearing on the books of the Company or the Company’s transfer agent, if any.

Either the Company or the Holder may from time to time change the address to which notices to it are to be mailed hereunder by notice in accordance with the provisions of this Paragraph 12.

13. Supplements and Amendments. The Company may from time to time supplement or amend this Warrant Agreement without the approval of any Holders of Warrants in order to cure any ambiguity or to be correct or supplement any provision contained herein which may be defective or inconsistent with any other provision, or to make any other provisions in regard to matters or questions herein arising hereunder which the Company may deem necessary or desirable and which shall not materially adversely affect the interest of the Holder.

14. Severability. If for any reason any provision, paragraph or term of this Warrant Agreement is held to be invalid or unenforceable, all other valid provisions herein shall remain in full force and effect and all terms, provisions and paragraphs of this Warrant shall be deemed to be severable.

15. Governing Law and Venue. This Warrant shall be deemed to be a contract made under the laws of the State of Texas and for all purposes shall be governed and construed in accordance with the laws of said State without regard to conflict of laws provisions. Any proceeding arising under this Warrant Agreement shall be instituted in Houston, Texas.

16. Headings. Paragraphs and subparagraph headings, used herein are included herein for convenience of reference only and shall not affect the construction of this Warrant Agreement nor constitute a part of this Warrant Agreement for any other purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the date and year first above written.

Blast Energy Services, Inc.

By: _____

Name: _____

HOLDER:

By: _____
Name: _____
Tax ID: _____

Exhibit A

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANS-FERRED WITHOUT AN EFFECTIVE REGIS-TRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL, REASON-ABLY SATISFACTORY TO THE COR-PORATION AND ITS COUN-SEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

Void after 11:59 P.M. August __, 2008

WARRANT TO PURCHASE SHARES
OF COMMON STOCK OF
BLAST ENERGY SERVICES, INC

Initial Number of Shares: _____
Initial Exercise Price: $0. per share
Date of Grant: August __, 2006
Expiration Date: August __, 2008

THIS CERTIFIES THAT, for value received, _____, or any person to whom the inter-est in this Warrant is lawful-ly transferred ("Holder") is entitled to purchase the above number (as adjust-ed pursuant to Section 4 hereof) of fully paid and non-assess-able shares of the Common Stock (the "Shares") of Blast Energy Services, Inc., a Califor-nia corporation (the "Company) having an Initial Exercise Price as set forth above, subject to the provi-sions and upon the terms and condi-tions set forth herein. The exercise price, as adjusted from time to time as provided herein, is referred to as the "Exercise Price".

1. Term. The purchase right represented by this Warrant is exer-cisable, in whole or in part, at any time commencing on the Date of Grant and ending on the Expiration Date, after which time the Warrant shall be void.

2. Method of Exercise; Payment; Issuance of New Warrant. Subject to Section 1 hereof, the right to purchase Shares repre-sented by this Warrant may be exercised by Holder, in whole or in part, for the total number of Shares remaining available for exercise by the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) at the principal office of the Company and by the payment to the Company, by check made payable to the Company drawn on a United States bank and for United States funds, or by delivery to the Company of evidence of cancellation of indebtedness of the Company to such Holder, of an amount equal to the then appli-cable Exercise Price per share multiplied by the number of Shares then being purchased. In the event of any exercise of the purchase right represented by this War-rant, certificates for the Shares so purchased shall be promptly delivered to Holder and, unless this Warrant has been fully exercised or has expired, a new Warrant

representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exer-cised shall also be promptly delivered to Holder.

3. Exercise Price. The Exercise Price at which this Warrant may be exercised shall be the Initial Exercise Price, as adjusted from time to time pursuant to Section 4 hereof.

4. Reclassification, Reorganization, Consolidation or Merger. In the case of any reclassification of the Common Stock of the Company, or any reorganization, consolidation or merger of the Company with or into another corporation (other than a merger or reorganization with respect to which the Company is the continuing corporation and which does not result in any reclassification of the Common Stock), the Company, or such successor corporation, as the case may be, shall execute a new warrant, providing that the Holder shall have the right to exercise such new warrant and upon such exercise to receive, in lieu of each share of Common Stock theretofore issuable upon exercise of this Warrant, the number and kind of securities, money and property receivable upon such reclassification, reorgani-zation, consolidation or merger by a holder of shares of Common Stock of the Company for each share of Common Stock. Such new warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjust-ments provided for in this Section 4 including, without limitation, adjustments to the Exercise Price and to the number of shares issuable upon exer-cise of this Warrant. The provisions of this Section 4 shall similarly apply to successive reclassifica-tions, reorganiza-tions, consolidations or mergers.

5. Transferability and Non-negotiability of Warrant. This Warrant may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (includ-ing, without limitation, the delivery of investment represen-tation letters and legal opinions reasonably satisfactory to the Company, if reasonably requested by the Com-pany). Subject to the provisi-ons of this Section 5, title to this War-rant may be transferred in the same manner as a negotiable instrument transferable by endorsement and delivery.

6. Miscellaneous. The Company cove-nants that it will at all times reserve and keep available, solely for the purpose of issue upon the exercise hereof, a sufficient number of shares of Common Stock to permit the exer-cise hereof in full. Such shares, when issued in compli-ance with the provisions of this Warrant and the Articles of Incorporation, as amended, will be duly authorized, validly issued, fully paid and non-assessable. No Holder of this Warrant, as such, shall, prior to the exercise of this Warrant, be entitled to vote or receive dividends or be deemed to be a share-holder of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon Holder-, as such, any rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action, receive notice of meetings, receive dividends or subscription rights, or otherwise. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reason-ably satisfactory in form and amount to the Company or, in the case of any such mutila-tion, upon surrender and cancellation of such Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like date and tenor. No fractional shares shall be issued in connec-tion with any exercise hereunder, but in lieu of such frac-tional shares the Company shall make a cash payment there-fore upon the basis of the Warrant Price then in effect. The terms and provisions of this Warrant shall inure to the bene-fit of, and be binding upon, the Company and the Holder hereof and their respec-tive successors and as-signs. This Warrant shall be governed by and construed under the laws of the State of Texas.

-------SIGNATURES ON NEXT PAGE-------

Holder:

By: ________________________________
Name: ______________________________
Date: ______________________________

BLAST ENERGY SERVICES, INC.
A California corporation

By: ______________________________
Name: _____________________________

Exhibit 4.6

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT ("Agreement") is made and entered into as of the 24th day of August, 2006 by and between (i) Blast Energy Services, Inc., a California corporation (the "Company"), and (ii) those certain Participants under that certain Subscription Agreement of even date herewith between each Participant and the Company, each of whose signatures shall be included on Exhibit A hereto upon consummation of their respective portion of the private offering of the Company's common stock on the date hereof (the "Transaction") (each such Participant a "Stockholder").

Agreements:

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by each of the Company and Stockholder, each of the Company and Stockholder hereby agrees as follows:

(a) While acting in a commercially reasonable fashion, the Company shall prepare and file a Registration Statement on Form SB-2 (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") registering the resale of the shares of Common Stock issued to the Participants in connection with the offering on or before sixty (60) business days following the final closing of the transaction (the "Filing Deadline") and shall use its commercially reasonable best efforts to have such Registration Statement declared effective by the SEC within 120 days following the final closing of the Transaction.

(b) In connection with the registration provided for hereunder, Stockholder shall use reasonable efforts to cooperate with the Company and shall furnish to the Company in writing such information with respect to it and its proposed distribution as shall be reasonably necessary in order to assure compliance with federal and applicable state securities laws.

(c) The Company shall pay all expenses incurred by the Company in complying with its registration obligations pursuant to this Agreement, including, without limitation, all registration, qualification, and filing fees, blue sky fees and expenses, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, all expenses of the underwriter customarily paid by issuers or sellers of securities (including fees of the National Association of Securities Dealers, Inc.), transfer taxes, escrow fees, fees of transfer agents and registrars, and costs of insurance. Stockholder shall pay all underwriting discounts and selling commissions applicable to the sale of the Registrable Shares being registered.

(d) (i) The Company shall protect, indemnify and hold Stockholder, and its officers, directors, stockholders, attorneys, accountants, employees, affiliates, successors and assigns, harmless from any and all demands, claims, actions, causes of actions, lawsuits, proceedings, investigations, judgments, losses, damages, injuries, liabilities, obligations, expenses and costs (including costs of litigation and attorneys' fees), arising out of or based upon (aa) any untrue statement or alleged untrue statement of any material fact contained in or incorporated by reference

into the Registration Statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, (bb) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (cc) any material violation by the Company of any rule or regulation promulgated under Act applicable to the Company and relating to action or inaction by the Company in connection with any such registration; provided, however, that the Company shall not be liable in the case of (aa) and (bb) above if and to the extent that the event otherwise giving rise to indemnification arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in conformity with information furnished by a person otherwise entitled to indemnification in writing specifically for use in the Registration Statement or prospectus or information contained in a writing that has been expressly approved or deemed approved by a person otherwise entitled to indemnification.

(ii) Stockholder shall protect, indemnify and hold the Company and its officers, directors, stockholders, attorneys, accountants, employees, affiliates, successors and assigns, harmless from any and all demands, claims, actions, causes of actions, lawsuits, proceedings, investigations, judgments, losses, damages, injuries, liabilities, obligations, expenses and costs (including costs of litigation and attorneys' fees), arising out of or based upon (aa) any untrue statement or alleged untrue statement of any material fact contained in or incorporated by reference into the Registration Statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, (bb) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (cc) any material violation by Stockholder of any rule or regulation promulgated under the Act applicable to Stockholder and relating to action or inaction by Stockholder in connection with any such registration; provided, however, that Stockholder shall be liable in the case of (aa) and (bb) above only if and to the extent that the event giving rise to indemnification arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in conformity with information furnished by Stockholder in writing specifically for use in the Registration Statement or prospectus or information contained in a writing that has been expressly approved or deemed approved by Stockholder.

(iii) Promptly after receipt by an indemnified party under this Section (d) of notice of the threat or commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party hereunder, notify each such indemnifying party in writing thereof, but the omission so to notify an indemnifying party shall not relieve it from any liability which it may have to any indemnified party to the extent that the indemnifying party is not prejudice as a result thereof. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section (d) for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so elected; provided, however, that, if the defendants in any such action include both an indemnified party and an indemnifying party and the related indemnified party shall have reasonably concluded that there

may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or if the interests of the indemnified party reasonably may be believed to conflict with the interests of the indemnifying party, the indemnified party shall have the right to select separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred. No indemnifying party shall be subject to any liability for any settlement made without consent which shall not be unreasonably withheld. No indemnifying party shall consent to the entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability with respect to such claim or litigation.

(e) Any notice or request herein required or permitted to be given to any party hereunder shall be given in writing and shall be personally delivered or sent to such party by prepaid mail at the address set forth below the signature of such party hereto or at such other address as such party may designate by written communication to the other party to this Agreement. Each notice given in accordance with this paragraph shall be deemed to have been given, if personally delivered, on the date personally delivered, or, if mailed, on the third day following the day on which it is deposited in the US mail, certified or registered mail, return receipt requested, with postage prepaid.

(f) This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, relating to the subject matter hereof. This Agreement shall be governed by the laws of the State of Texas without regard to conflict of law principles. Venue for any dispute arising hereunder should lie in the State or federal courts of Harris County, Texas. This Agreement may not be amended, supplemented, waived, or terminated except by written instrument executed by the Company and Stockholder. No waiver of any provision of this Agreement shall constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a waiver of any subsequent breach of such provision. This Agreement shall be binding upon and shall inure to the benefit of each party hereto and his or its respective successors, heirs, assigns, and legal representatives, but neither this Agreement nor any rights hereunder may be assigned by any party hereto without the consent in writing of the other party. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument. A party may execute this Agreement and transmit its signature by facsimile, which shall be fully binding, and the party taking such actions shall deliver a manually signed original as soon as is practicable.

[The Remainder of this Page Left Intentionally Blank]

IN WITNESS WHEREOF, the undersigned have set their hands hereunto as of the first date written above.

BLAST ENERGY SERVICES, INC.

By:_____
John O'Keefe
Co-CEO and Chief Financial Officer

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

EXHIBIT A

Stockholder's Signature Page to Registration Rights Agreement

"Stockholder"

_____
Signature

Printed Name

Street Address

City, State, Zip Code

Date: August 24, 2006

Number of Registrable Shares:
Common Shares issued:
Warrants Agreement :

Exhibit 10.1

CONSULTING SERVICES AGREEMENT

THIS CONSULTING AGREEMENT ("Agreement") is made as of this 25th day of August 2006, between Second Bridge LLC, a limited liability company based in Norman, Oklahoma (hereinafter referred to as "Consulting Firm"), and Blast Energy Services, Inc. , and its successors and assigns (hereinafter referred to as "Company..

1. Consulting.

The Company hereby employs Consulting Firm, and Consulting Firm hereby accepts engagement with the Company upon the terms and conditions set forth. This Agreement contains the entirety of the terms and conditions of Consulting Firm's engagement with the Company. No other document, handbook, manual or oral agreements or promises shall constitute an engagement contract between Consulting Firm and the Company.

2. Term.

The Term of this Agreement shall begin on or before August 25, 2006 and shall continue for a period of three (3) years through August 24, 2009.

3. Compensation and Employee Benefit Plans.

(a) The Company shall have no obligation to the Consulting Firm regarding employee benefit plans of any kind.

(b) As compensation for said Consulting Services, Consulting Firm shall receive Compensation as a Consulting Fee defined as follows:

The Consulting Fee for the Consulting Services under this Agreement is set forth in an amount of one hundred fifty thousand United States Dollars (US$150,000.00) per month installments for each succeeding month beginning September 1, 2006, made to the order of "Second Bridge LLC" due, payable and delivered; and thereafter, each monthly installment shall be paid to the Consulting Firm, on or before the first day of each month. Each monthly installment, defined above, shall be paid on or before the first day of each month, as described above, and with all such payments received at the Consulting Firm's offices on or before the due date as set forth herein delivered to: 1126 Rambling Oaks Drive, Norman, Oklahoma 73072 or sent by wire transfer at the direction of the Consulting Firm. The Compensation defined in this Section 3(b) may be paid in advance at any time without penalty. In addition, upon any breach by the Company of this Section 3(b), including, but not limited to, non-payment of a monthly installment, the unpaid total amount of the Consulting Fee shall draw interest at a rate of 15% per annum assessed from the first day of such breach until the cure of the breach or until fully paid by the Company. See also Section 6 below regarding survival of damages beyond termination.

(c) Upon execution of this Agreement, the Company shall pay to the Consulting Firm to be held in an expense account the amount of one hundred fifity thousand United States dollars

(US$150,000.00). The funds from this account shall be used to pay for all of the Company's ordinary and reasonable business expenses in relation to its work under this Agreement, from date of execution of this Agreement up until September 30, 2006, including, but not limited to, office expenses, air and ground transportation, travel, lodging and meals, postage, telephone, contract labor, consumables, and utilities in relation to the work performed by the Consulting Firm under this Agreement. The Consulting Firm shall submit to the Company an itemized written statement summarizing, on a monthly basis, the expenditures from this account on or before the October 10, 2006. Errors or disputes related to the items set forth on the written expense summary submitted by the Consulting firm shall not be deducted from the required payment to restore the Minimum Balance in this Section 3(c). Within seven (7) days of the Company's payment of the amount of expenses set forth on the summary, the Company may submit a separate error or disputed charges written statement to the Consulting Firm with its reasons and evidence regarding the error or disputed items set forth in the written expense summary. In the event the Consulting Firm agrees with the Company's written errors or disputed item(s), the Consulting firm shall deduct the same amount from its next written expense summary and show the correction or credit thereon. In the event the Consulting Firm disagrees with the Company's written error or disputed item(s), and the item exceeds the amount of $1,000.00, and the Parties cannot resolve the dispute otherwise, then the Consulting Firm may elect, within seven (7) business days of its receipt of the Company's written error or dispute, to submit the item to a binding arbiter, mutually agreeable to the Parties, for final determination of payment, or not, under the terms of this Agreement which decision shall be binding upon both Parties and with each party to split equally the cost of Arbitration under this section 3 (c). Such Arbitration shall take place in Cleveland County, Oklahoma at the Consulting Firm's offices or other mutually agreed upon location. The Company agrees not to withhold any compensation as set forth in this section 3 (b) in relation to any dispute of a request for reimbursement under this section 3(c) as such payments bear no direct correlation to one other under this Agreement.

4. Duties.

The Company and the Consulting Firm shall agree from time to time upon the tasks to be completed by the Consulting Firm under this Agreement as agreed between the Manager of the Consulting Firm and the Company. Such tasks shall be upon written agreement of the Parties and may be received and signed by the parties in counterparts via facsimile as set forth herein. It is contemplated under this Agreement that the Consulting Firm provides consulting services to the Company related to all aspects of its Hydrocarbon Exploration Drilling business. Consulting Firm shall have sole discretion and authority over how it completes the tasks assigned to it by the Company. A general description of duties is described on "Exhibit A" attached hereto, as amended from time to time by written agreement of the parties. Additional Consulting Projects shall be agreed upon in writing between the parties.

5. Termination.

Upon the expiration of the Term, set forth in Section 2, above, the engagement of the Consulting Firm may be terminated at any time by the Company, with or without cause or reason, and upon thirty (30) days prior written notice to the Consulting Firm delivered before the end of the term. Upon the expiration of 90 days, the Consulting Firm may terminate this agreement with thirty (30) days notice to the Company. All Compensation received by the Consulting Firm prior to a notice of termination is guaranteed and under this Section 5, shall be retained by the Consulting Firm. This agreement may not be cancelled by the Company during the Term of this Agreement and the Company agrees to pay the total amount of the monthly installments defined in Section 3(b) for the Term of this Agreement.

6. Compensation Upon Termination.

In the event of termination of the engagement for any reason, the remaining Compensation that is due Consulting Firm from the amount of the Consulting Fee not yet paid at the time of termination must be paid and survives beyond termination specifically as set forth pursuant to section 3, above. There shall be no pro-ration or reimbursement of the Consulting Fee due as set forth in 3 (b) in relation to termination of the Agreement. Any Compensation due under this Agreement to the Consulting Firm that would be due during the thirty (30) days from a notice under section 5, above, shall remain due and payable to the Consulting firm until the total Compensation in the amount of the Consulting Fee, set forth in Section 3(b), above, has been received and shall be retained by the Consulting Firm after termination, and in the event such Compensation is unpaid by the Company such an act shall constitute a breach of this Agreement and the damages to the Consulting Firm shall survive the termination of this Agreement until paid, including and in addition, interest, as set forth in Section 3(b), thereon at 15% per annum beginning from the due date of such unpaid Compensation, and in addition, the Company agrees to pay costs and attorney's fees for collection of such Compensation if it remains unpaid. The Consulting Firm shall submit, upon termination of this Agreement, its final written expense summary of business expenses under Section 3(c), above, which provision shall survive the termination of this Agreement until paid or any error or dispute fully resolved as provided for therein. The Company is a sophisticated oil and gas drilling firm and understands and assumes all risks involved in the drilling of oil and gas wells.

7. Indemnification. The Company hereby extends to the Consulting Firm indemnification regarding all of its work for the Company. The Consulting Firm's Members, Officers, employees, and agents shall be entitled to be indemnified by the Company to the fullest extent provided under the law, and shall be entitled to advance of expenses, including attorney fees, in the defense or prosecution of a claim against the Consulting Firm or such person in such person's capacity as member, officer, employee, or agent of the Consulting Firm from any claim arising from, or related in any manner to, its work for the Company under this Agreement except in the case of gross negligence. Indemnification offered hereunder shall survive the termination of this Agreement for two (2) years after the date of termination.

8. Non-Compete. In consideration of the consulting services being provided under this Agreement and in recognition of the fact that Second Bridge will have access to the confidential information of the Company and that the Company's relationships with its customers and potential customers constitute a substantial part of its goodwill, Second Bridge agrees that for One (1) year from and after termination of this Agreement, for any reason, unless acting with the Company's express prior written consent, Second Bridge shall not, directly or indirectly, in any capacity, solicit or accept business from, provide consulting services of any kind to, or perform any of the services offered by the Company, for any of the Company's customers or prospects with whom Second Bridge had business dealings in the year next preceding the termination of this Agreement.

9. Notice.

Any notice, direction or other advice or communication required or permitted to be given hereunder shall, except as provided herein, be in writing and shall be personally delivered, via facsimile, or mailed by registered or certified mail, return receipt requested, addressed to the

Company and Consulting Firm at the addresses set forth below, or at such other address as such party may designate to the other in writing.

If to Company: David M. Adams President and Co-CEO
14550 Torrey Chase Blvd, Suite 330
Houston, Texas, 77014
Facsimile: 281-453-2899

If to Consulting Firm: Dirk O'Hara, Manager
1126 Rambling Oaks Drive
Norman, Oklahoma 73072.
Facsimile: 405-447-9351

Either party may designate a different address or facsimile number by written notice to the other.

10. Waiver or Breach.
The waiver of either the Company or Consulting Firm of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Consulting Firm or the Company. This Agreement sets forth the entire understanding of the parties with respect to the subject matter herein.

11. Binding Effect.
This Agreement shall be binding upon and shall inure to the benefit of both the Company and the Consulting Firm and their respective successors, heirs and legal representatives, but neither this Agreement nor any rights hereunder may be assigned by Consulting Firm or the Company without the consent in writing of the other Party.

12. Amendments.
Except as provided specifically above, no amendments, modifications or variations of the terms and conditions of this Agreement shall be valid unless in writing and signed by all of the parties.

13. Choice of Law.
This Agreement shall be governed by and construed under the laws of the State of Oklahoma. In the event of any breach or threatened breach of this Agreement, Consulting Firm and the Company irrevocably submit and consent to the jurisdiction of a court of competent jurisdiction in Cleveland County, Oklahoma, and irrevocably agree that venue for any action or proceeding shall be in the County of Cleveland, State of Oklahoma and any higher courts within the State of Oklahoma. Both parties waive any objection, including, but not limited to, Federal diversity jurisdiction, to the jurisdiction of these courts or to venue in Cleveland County, State of Oklahoma.

14. Severability.
If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement, shall not adversely affect any other provision of this Agreement, but shall otherwise remain in full force and effect. Notwithstanding the foregoing sentence, the provisions of this Agreement that specifically state

set forth their survival of the termination of this Agreement may not be severed or waived by any act of a person, court, or termination of this Agreement as those provisions are independently negotiated and fully agreed to by the Parties hereto.

15. No Third Party Benefit.

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or the Consulting Firm. Furthermore, this Agreement is made solely and specifically for the benefit of the parties hereto, their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and no other person, individual or entity, governmental body, taxation authority, or their heirs, executors, administrators, legal representatives, successors, and assigns shall have any rights, interests,

[Remainder of the page intentionally blank]

or claims hereunder or be entitled to any benefits under or on account of this agreement as a third-party beneficiary or otherwise.

16. Assignment.
The Parties may assign this Agreement or the proceeds due hereunder only with notice and the written consent of the other Party, which consent shall not be unreasonably withheld.

17. Entire Agreement.
This Agreement sets forth the entire agreement of the parties hereto, and all prior discussions, oral or written and any such agreements are merged herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

Blast Energy Services, Inc., a California Corporation (The Company herein)

By: /s/ David M. Adams
Its: President and Co-CEO, David M. Adams

Second Bridge LLC (The Consulting Firm herein):

/s/ Dirk O'Hara
By: Dirk O'Hara, Managing Member

Exhibit A

Consulting Agreement Responsibilities & Duties

Advise the Company on organization of day to day Drilling Operations and Contract Management in terms of the following areas of the Company operations:

- Contract negotiation support
- Drilling Field Operations support
- Repairs & Maintenance, including minor construction/rebuilds
- Vendor management support
- Rig Inventory Management & Procurement
- Preventative Maintenance Programs
- Rig recruitment including hire/fire/promote/retain
- Safety Programs support
- Accounting services

Transition of Office Services of Eagle Domestic Drilling Operations, LLC to the Company, as defined by Exhibit B, attached.

Rig Assembly & Completion Responsibilities

- Advise the Company regarding its assembly of rig components for rigs, numbers 14 and 15.

- Project managements functions: advice regarding
  - The Company's Material Procurement
  - The Company's Managing delivery times to a critical path
  - Assistance to the Company with Supervising welders, painters, mechanics, electricians
  - Other such actions to assist the Company to manage its cost & preserve its revenue generation

Business Development Consulting

Advising and assisting the Company regarding the following:

- Sourcing of drilling rig components
- Negotiating terms and condition for the purchase of such components
- Drilling rigs that Blast considers purchasing
- Negotiating terms and conditions of such purchases
- Land rig companies that Blast considers purchasing
- Negotiating terms and conditions of such purchases
- Representing Blast at industry auctions and other industry events
- Interfacing with Rig Appraisal companies
- Advising on contract negotiation strategies
- Advising on rig upgrade and/or refurbishment opportunities

EXHIBIT "B"

The Consulting Firm will assist the Company with the Company's Office Services

B. **MORNING REPORTS** - Toolpushers must email or fax to office by 9:00 a.m. each morning.

1. Daily reports received: drill reports, employee reports, injury reports
2. Check for completion
3. Scan and email to management
4. Place in corresponding rig books

C. **PAYROLL** - Bi weekly: Payroll starts at 6:00 a.m. Monday to 6:00 a.m. Monday

1. Employment Forms - check for completion of forms. No worker allowed on rig without completed forms
2. Change of Status - payrate, job position, address etc.
3. Rig should Fedex packet every Monday for Tuesday morning delivery. Payroll must be submitted by 2:00 p.m. on Wednesday. Checks mailed out on Friday or employees have option to direct deposit.

D. **HEALTH INSURANCE** - Employees eligible for health insurance after 90 days of employment. Eagle pays for employee. Employee can pay for spouse and dependents.

1. Track eligibility
2. Enrollment

E. **DISABILITY INSURANCE** - Employee eligible for disability insurance after 90 days of employment.

1. Track eligibility
2. Enrollment

F. WORKER'S COMPENSATION

1. Process and report to insurance company within 24 hours of reported accident
2. Must have injury reports from rig including supervisor, witness and injured employee report (if possible)
3. Verification of 10 panel drug screen
4. Management of injured worker's compensation case.

G. VENDOR PAYMENTS

1. Sort by office, yard, and appropriate rig.
2. Weekly manager approval and coding of invoices and/or credits to proper accounts.
3. Enter and track due date.
4. Handle any disputed invoices.
5. Subcontractors - gather insurance verification and invoice approval.

H. INVOICING AND RECEIVABLES

1. Check daily drill reports for completion and accuracy each day.
2. Know IADC contract for billing procedures and collection of payment.
3. Complete daily drill report worksheet
4. Calculate per diem costs for billing
5. Check for pipe damage or any Operator equipment rental costs
6. Invoicing needs to be sent to proper Operator personnel for approval
7. Need contact person in Operator's A/P to verify payment.
8. Handle and track all payments and any shortages on payments.

I. **INSURANCE MANAGEMENT**

1. General liability/umbrella - audit each quarter to make sure premiums are reflected properly to match revenues/payroll (depends on G/L structure). Must be responsible for subcontractor insurance verification of G/L. Responsible for year-end audits.
2. Rig insurance - needs to be processed prior to rig going out in the field. Start paperwork 2 weeks before derrick is raised in the yard.
3. Worker's Compensation - Audit each quarter to make sure premiums are reflected by payroll totals. Verify each employee has proper work compensation codes. Responsible for sub-contractor insurance verification and policy year-end audits.
4. Auto policy - Driver verification to insurance agent. Keep driver's list current.

J. OPERATOR REPORTS

1. Rigs that run in Texas have a deviation survey report due to operator at the completion of each hole for the Texas Railroad Commission.
2. Verify with operator when reports are due and whom they need to be sent to.

K. SUPPLIES TO RIGS

1. Provide rigs with IADC books, daily drill reports, forms, rig maintenance reports and any office supplies.

END OF EXHIBIT B.

Project I - Rig 17

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT ("Agreement") is made as of this 25th day of August, 2006, between Second Bridge LLC (hereinafter referred to as the "Consulting Firm"), and Blast Energy Services, Inc. (hereinafter referred to as the "Company"). The Consulting Firm and the Company previously executed a Consulting Agreement for the transition services provided therein. This Agreement is a separate consulting service agreement for the services as set forth herein.

1. Consulting.
The Company hereby employs Consulting Firm, and Consulting Firm hereby accepts engagement with the Company upon the terms and conditions herein set forth. This Agreement contains the entirety of the terms and conditions of Consulting Firm's engagement with the Company for the construction of Rig 17, as defined herein. Except as specifically provided for herein, no other document, handbook, manual or oral agreements or promises shall constitute this engagement contract between Consulting Firm and the Company.

2. Term.
The term of this Agreement shall begin on or before September 1, 2006 and shall continue until terminated as hereinafter provided. Unless earlier terminated as provided in this Agreement, this Agreement continues for a maximum period of six (6) months from the Notice Date, defined below.

3. Employee Benefit Plans and Compensation.

(a) The Company shall have no obligation to the Consulting Firm regarding employee benefit plans of any kind.

(b) As compensation for said Consulting Services, Consulting Firm shall receive Total Compensation defined as follows:

The Total Compensation under this Agreement shall be nine-hundred thousand (900,000) shares of Common Stock in the Company restricted only for purposes of registration by the company as provided in Exhibit A. The share certificate shall be delivered on or before September 1, 2006.

1. **The Total Compensation provisions set forth in Section 3 of this Agreement shall survive the termination of this Agreement until completely fulfilled by the Company and subject to Section 4, below.**

(c) *Right of First Refusal:* As incentive to the Company to provide this Agreement, the Consulting Firm hereby grants to the Company a right of first refusal to enter into an agreement with the Consulting Firm to purchase any rotary land drilling rig it may construct or own, for the period of time between August 16, 2006 and August 16, 2008. The Consulting Firm will send Notice to the Company in writing that the Consulting Firm is offering one or more rotary land

drilling rig(s) for sale and the price the Company shall pay. The Company shall have five (5) days to decide to accept the Consulting Firm's offer and to notify the Consulting Firm in writing delivered by facsimile with an original sent to the Consulting Firm in hard copy that it accepts the offer of the Consulting Firm to sell such rotary land drilling rig(s). In the event the Company does elect to purchase such rig(s) as set forth in the Consulting Firm's Notice, described above, the Company shall immediately pay to the Consulting Firm one-half of the Purchase Price as set forth in the Notice which shall be non-refundable upon receipt by the Consulting Firm and the Company shall have thirty (30) days to close such purchase or it shall have no further rights under this right of first refusal and shall forfeit the one-half of the Purchase Price paid to the Consulting Firm.

4. Termination.
After delivery of the Total Compensation, all compensation received by the Consulting Firm prior to termination as defined in Section 2, shall be retained by the Consulting Firm without regard to any claims by the Company and the Company retains no rights to off-set or withhold any amounts due to the Consulting Firm under this Agreement.

5. NO WARRANTY OF CONSULTING FIRM AND THE RESPONSIBLILITES OF THE COMPANY

Consulting Firm makes no warranty or guarantee of any kind, as it is only providing consulting services under this Agreement, the construction of Rig 17 remains in complete ownership and control of the Company at all times including through the time the Total Compensation is received by the Consulting Firm and this Agreement terminates. The Consulting Firm makes no implied warranty of any kind and the Consulting Firm does not intend to perform any construction services nor be obligated in any manner to provide the materials and labor required for the construction of Rig 17. The Company shall bear all responsibility and warrants that it has acquired and maintains the proper authority from all federal, state and local governmental agencies which require any such authority; and that the Company is qualified to do business in the State of Oklahoma; and that it has obtained all permits, licenses and other necessary documents to perform it's obligations and to perform under the terms of this Agreement. The Company shall remain completely and totally responsible for the Company's employees and that they are in compliance with and are eligible to be employed under all federal, state and local employment statutes and regulations, and the Company agrees that The Company is solely responsible for ensuring such compliance and eligibility.

7. Project Specifications. The Company intends to use market conditions and contracting capabilities to determine final Rig 17 specifications, which are subject to change based upon contracting capabilities and customer requests.

8. Indemnification. The Company hereby extends to the Consulting Firm indemnification regarding all of its work for the Company. The Consulting Firm's Members, officers, employees, and agents shall be entitled to be indemnified by the Company to the fullest extent provided under the law, and shall be entitled to advance of expenses, including attorney fees, in the defense or prosecution of a claim against the Consulting Firm or such person in such person's

capacity as member, officer, employee, or agent of the Consulting Firm from any claim arising from, or related in any manner to, its work for the Company under this Agreement. Indemnification offered hereunder shall survive the termination of this Agreement for two (2) years after the date of termination.

9. **Insurance.** The Company shall, during the Term, have and maintain in force the following insurance coverage:

(a) Worker's Compensation Insurance, including with a minimum limit sufficient to cover the statutory requirements of such country, state or territory. Such insurance must name Consulting Firm as an additional insured with respect to its legal liability arising from the Company's acts or omissions

(b) Commercial General Liability Insurance, including Contractual Liability, Products, Completed Operations Liability and Personal Injury, and Broad Form Property Damage Liability coverage for damages to any property with a minimum combined single limit of $1,000,000 per occurrence and $5,000,000 umbrella excess liability. Such insurance must name Consulting Firm as an additional insured with respect to its legal liability arising from the Company's acts or omissions.

(c) "All Risk" Property insurance covering not less than the full replacement cost of the Company's personal property while on or at the Company's work location.

The foregoing insurance coverage shall be primary and non-contributing with respect to any other insurance or self-insurance which may be maintained by the Consulting Firm. When requested, The Company shall cause its insurers to issue certificates of insurance evidencing that the coverage required under this Agreement are maintained in force and that not less than thirty (30) calendar days written notice shall be given to the Consulting Firm prior to any materially adverse modification, cancellation or non-renewal of the policies.

10. **Notice**.
Unless otherwise provided in this Agreement, any notice, direction or other advice or communication required or permitted to be given hereunder shall, except as provided herein, be in writing and shall be delivered, personally, by facsimile or mailed by registered or certified mail, return receipt requested, addressed to the Company and Consulting Firm at the addresses set forth below, or at such other address as such party may designate to the other in writing.

If to Company: David M. Adams President and Co-CEO
14550 Torrey Chase Blvd, Suite 330
Houston, Texas, 77014
Facsimile: 281-453-2899

If to Consulting Firm: Dirk O'Hara, Manager
1126 Rambling Oaks Drive

Norman, Oklahoma 73072.
Facsimile: 405-447-9351

Either party may designate a different address or facsimile number by written notice to the other.

11. Waiver or Breach.
The waiver of either the Company or Consulting Firm of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Consulting Firm or the Company. This Agreement sets forth the entire understanding of the parties with respect to the subject matter herein.

12. Binding Effect.
This Agreement shall be binding upon and shall inure to the benefit of both the Company and the Consulting Firm and their respective successors, heirs and legal representatives, but neither this Agreement nor any rights hereunder may be assigned by Consulting Firm or the Company without the consent in writing of the other Party with such consent not unreasonably withheld.

13. Amendments.
Except as provided specifically above, no amendments, modifications or variations of the terms and conditions of this Agreement shall be valid unless in writing and signed by all of the parties.

14. Choice of Law.
This Agreement shall be governed by and construed under the laws of the State of Oklahoma. In the event of any breach or threatened breach of this Agreement, Consulting Firm and the Company irrevocably submit and consent to the jurisdiction of a court of competent jurisdiction in Cleveland County, Oklahoma, and irrevocably agree that venue for any action or proceeding shall be in the County of Cleveland, State of Oklahoma and any higher courts within the State of Oklahoma. Both parties waive any objection, including, but not limited to, Federal diversity jurisdiction, to the jurisdiction of these courts or to venue in Cleveland County, State of Oklahoma.

15. Severability.
If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement, shall not adversely affect any other provision of this Agreement, but shall otherwise remain in full force and effect. Notwithstanding the foregoing sentence, the provisions of this Agreement that specifically state set forth their survival of the termination of this Agreement may not be severed or waived by any act of a person, court, or termination of this Agreement as those provisions are independently negotiated and fully agreed to by the Parties hereto.

16. No Third Party Benefit.
None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or the Consulting Firm. Furthermore, this Agreement is made solely and specifically for the benefit of the parties hereto, their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and no other person,

individual or entity, governmental body, taxation authority, or their heirs, executors, administrators, legal representatives, successors, and assigns shall have any rights, interests, or claims hereunder or be entitled to any benefits under or on account of this agreement as a third-party beneficiary or otherwise.

17. Assignment.
The Parties may assign this Agreement or the proceeds due hereunder with notice and the written consent of the other Party which consent shall not be unreasonably withheld.

18. Entire Agreement.
This Agreement sets forth the entire agreement of the parties hereto, and all prior discussions, oral or written and any such agreements are merged herein.

19. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all proposes be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

(Rest of Page Intentionally Blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

Blast Energy Services, Inc., a California Corporation (The Company herein)

By: /s/ David M. Adams
Its: President and Co-CEO, David M. Adams

Second Bridge LLC (The Consulting Firm herein):

/s/ Dirk O'Hara, Managing Member
By: Dirk O'Hara, Managing Member

Exhibit A

REGISTRATION OF COMMON STOCK

I. The Company shall not be required to issue fractional shares of capital stock upon the delivery of Certificates which would evidence fractional shares of capital stock. In the event that a fraction of a share would, except for the provisions of this Section I, be issuable upon the Notice from the Consulting Firm, The Company shall pay to the Consulting Firm within five (5) days of receipt of its Notice an amount in cash equal to such fraction multiplied by the market value of a Share as calculated under this Agreement.

II. Market Value: For use in calculation of the Total Compensation as provided in this Agreement if the Company Common Stock shares are listed or traded on a national securities exchange or in the NASDAQ Reporting System, the closing price on the principal national securities exchange on which they are so listed or traded or in the NASDAQ Reporting System, as the case may be, on the last business day prior to the date of the Notice of the Consulting Firm. The closing price referred to in this clause shall be the last reported sales price or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case on the national securities exchange on which the Company Common Stock shares are then listed on in the NASDAQ Reporting System; or in the event no such closing price or closing bid and asked prices are available, as determined in any reasonable manner as may be prescribed by The Company Board of Directors.

III. Subject to the terms and conditions of this Agreement, promptly upon the Consulting Firm's Notice in accordance with this Section, Consulting Firm shall be entitled to receive a stock certificate evidencing ownership of the Common Stock chares. The Certificate(s) shall be registered in the name of the Consulting Firm and shall be delivered, as provided above, to or upon the written Notice.

IV. In case any that the Certificates shall be mutilated, lost, stolen or destroyed, The Company shall issue and deliver, in exchange and substitution for and upon cancellation of the mutilated Certificate, or in lieu of and in substitution for the Certificate lost, stolen or destroyed, a new Certificate of like tenor and representing an equivalent right or interest.

V. The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Shares or its authorized and issued Shares held in its treasury for the purpose of enabling it to satisfy its obligation under this Agreement to issue Shares upon Notice by the Consulting Firm, the full number of Shares deliverable as calculated by this Agreement.

VI. The Company covenants that all Shares which may be issued pursuant to this Agreement will be validly issued, fully paid and non-assessable outstanding Shares of The Company.

VII. Until registered with the Securities and Exchange Commission as provided for in this Agreement, the Certificates issued to the Consulting Firm in relation to its Notice may bear the following legend by which the Consulting Firm shall be bound:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE SHARES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE."

Certificates without such legend shall be issued if such shares are sold pursuant to an effective registration statement under the Securities Act of 1933 (the "Act") or if The Company has received an opinion from Consulting Firm's counsel reasonably satisfactory to counsel for The Company, that such legend is no longer required under the Act.

VIII. Registration Rights. The Company is obligated to register the shares of Common Stock provided for under this Agreement in any subsequent registration statement filed by The Company for its own account or the account of any other shareholder or the Consulting Firm with the SEC, so that Consulting Firm as the holder of such Common Stock shall be entitled to sell the same simultaneously with and upon the terms and conditions as the securities sold for the account of The Company or any other shareholders are being sold pursuant to any such registration statement, subject to reasonable and customary lock-up provisions as may be proposed by the underwriter of said registration statement and agreed to by the investors ("Piggyback Registration Right"). In Addition, upon the receipt by The Company of a written Notice from Consulting Firm as provided in the Agreement, the Company shall immediately act for the registration of all or any portion of the Shares of Common Stock comprising the Total Compensation, at any time that is within at least 30 days after the date of the Notice. The Company shall prepare and file, within 30 days after the date of such Notice of the Consulting Firm, a registration statement under the Act covering the Shares which are subject to such Notice and comprise the entire Total Compensation and shall use its best commercial efforts to cause such registration statement to become effective within 90 days following the Notice from the Consulting Firm (a "Demand Registration"). In connection with any Registration hereunder, The Company shall indemnify, defend and hold harmless the Consulting Firm, any underwriter, dealer or broker for Consulting Firm, and their respective affiliates, directors, officers, partners, employees, agents and representatives from and against any and all losses, claims, damages, liabilities, costs and expenses arising out of or based upon any untrue or alleged untrue statement of any material fact contained in a registration statement filed with the SEC pursuant thereto, any prospectus contained therein, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

IX. Adjustment of Number of Shares and Class of Capital Stock Purchasable. The Number of Shares and Class of Capital Stock to be delivered under this Agreement are subject to adjustment from time to time as set forth in this Section.

(a) Adjustment for Change in Capital Stock. If The Company:

(i) pays a dividend or makes a distribution on its Common Stock, in each case, in shares of its Common Stock;

(ii) subdivides its outstanding shares of Common Stock into a greater number of shares;

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

(iv) makes a distribution on its Common Stock in shares of its capital stock other than Common; or

(v) issues by reclassification, conversion or recapitalization of its shares of Common Stock any shares of its capital stock or of subscription rights, options, warrants, or exchangeable or convertible securities containing the right to subscribe for or purchase shares of any class of equity securities of The Company;

then the number and classes of shares purchasable in effect immediately prior to such action shall be adjusted so that the Consulting Firm may receive the number and classes of shares of capital stock of The Company which such Consulting Firm would have owned immediately following such action if such Consulting Firm had given Notice immediately prior to such action. For a dividend or distribution the adjustment shall become effective immediately after the record date for the dividend or distribution. For a subdivision, combination or reclassification, the adjustment shall become effective immediately after the effective date of the subdivision, combination or reclassification.

(b) Consolidation, Merger or Sale of The Company. If The Company is a party to a consolidation, merger, reorganization or transfer of assets which reclassifies or changes its outstanding Common Stock, the successor corporation (or corporation controlling the successor corporation to The Company, as the case may be) shall by operation of law assume The Company's obligations under this Agreement. As a condition to the consummation of such transaction, The Company shall arrange for the person or entity obligated to issue securities or deliver cash or other assets upon Notice by the Consulting Firm to, concurrently with the consummation of such transaction, assume The Company's obligations hereunder by executing an instrument so providing and further providing for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Section IX.

(c) Notice of Adjustments. If The Company shall propose to take any action specified above that would result in an adjustment of the number of Shares, then in each such case The Company shall give at least 10 days prior written notice to the Consulting Firm of such proposed action, which

shall specify the record date for such event and the date of participation therein by the Consulting Firms of Common Stock, if any such date has been fixed, and shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Common Stock. In addition, if the number of Shares the Company must deliver or the Price per Share is adjusted, The Company shall thereafter promptly deliver to Consulting Firm a certificate signed by its chief financial officer setting forth, in reasonable detail, (a) the event requiring the adjustment, (b) the method by which the adjustment was calculated, and (b) the number of Shares the Company must then deliver after giving effect to such adjustment.

X. Successors. All the covenants and provisions of this Agreement by or for the benefit of The Company or Consulting Firm shall bind and inure to the benefit of their respective successor(s) and assigns hereunder.

End of Exhibit A.

Exhibit 10.3

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is effective as of August 24, 2006 (the Effective Date") by and between Richard D. Thornton and Blast Energy Services, Inc., and its subsidiaries, a California corporation (the "Company").

1. Duties and Scope of Employment.

(a) **Position.** For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ the Executive in the position of Vice President of Eagle Domestic Drilling Operations LLC. The duties and responsibilities of Executive shall include the duties and responsibilities for the Executive's corporate office and position as set forth in the Company's bylaws and such other duties and responsibilities as the Company's Chief Executive Officer and/or Board of Directors may from time to time reasonably assign to the Executive.

(b) **Obligations to the Company.** During his Employment, the Executive shall devote his primary focus and primary business efforts and time to the Company, The Executive maintains other business interests and prior obligations outside of the Company which he currently pursues and which he shall continue during his employment with the Company. Nothing shall not preclude Executive from engaging in appropriate civic, charitable or religious activities or from devoting a reasonable amount of time to private investments or from serving on the boards of directors of companies, including closely held companies which are controlled by Executive as long as these activities or services do not materially interfere or conflict with Executive's responsibilities to, or ability to perform his duties of employment by, the Company under this Agreement. The Executive shall comply with the Company's policies and rules as they may be in effect from time to time during his Employment.

(c) **No Conflicting Obligations.** The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his employment by the Company, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his employment by the Company as contemplated by this Agreement will not infringe or violate the rights of any other person. The Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

2. Cash and Incentive Compensation.

(a) **Salary.** The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than $150,000.00. Such salary shall be reviewed annually in December with any adjustment (but in no event a reduction in salary) to be effective January 1 of the following year and payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in the Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Compensation.")

(b) **Bonus.** The Executive shall be eligible to participate in bonus programs established by the Board of Directors for management employees. During the Employment Period, Executive will be entitled to participate in an annual incentive compensation plan of the Company. The Executive's potential annual bonus will be up to fifty percent (50%) of his Base Salary as in effect for such year, such bonus to be based upon mutually agreeable milestones determined by the Chief Executive Officer.

(c) **Stock Award**: Executive will received 1 million shares of restricted stock at the close of the acquisition of Eagle Domestic Drilling Operations, LLC. The restrictions on the 1 million shares will be removed after twelve (12) months from the day of closing.

(d) **Options.** Executive shall be eligible to be considered for stock option grants under the Company's annual stock option award program as administered by, and at the discretion of, the Compensation Committee of the Board of Directors.

(e) **410 (k) Benefit.** Executive shall be eligible to participate in the Company's 401 (k) Plan and enjoy the benefits thereof.

(f) **Insurance Coverage Reimbursement.** The Executive will be eligible to participate in Company-sponsored benefit plans, including the Company's medical plan, in the same manner as Company and any third-party benefit provider make such opportunities available to Company's regular full-time employees, subject to any such third-party benefit provider's determination that Executive is eligible to participate in such plan.

(g) **Vacation.** During the term of this Agreement, Executive shall be entitled to vacation each year in accordance with the Company's policies in effect from time to time, but in no event less than **three (3)** weeks paid vacation per calendar year.

3. **Business Expenses.** During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Company shall reimburse the Executive for such expenses

upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies. The Executive shall have a car allowance of $1,000.00 per month during the term of this Agreement.

4. Term of Employment.

(a) **Term.** This Agreement shall expire on the third anniversary of the Effective Date, unless otherwise extended by the mutual agreement of Executive and the Company; provided, that this Agreement shall automatically be renewed for additional one (1) year terms, after the initial three year term, and shall automatically be continued effective as of the subsequent anniversary date of the Agreement (a "Renewal Date") unless the Company or Executive has delivered written notice of non-renewal to the other party at least thirty (30) days prior to the relevant Renewal Date.

(b) **Basic Rule.** The Executive's Employment with the Company shall be "at will," meaning that either the Executive or the Company shall be entitled to terminate the Executive's Employment at any time and for any reason, with or without Cause (in the case of the Company) or Constructive Termination (in the case of Executive). Any contrary representations that may have been made to the Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between the Executive and the Company on the "at will nature of the Executive's Employment, which may only be changed in an express written agreement signed by the Executive and a duly authorized officer of the Company.

(c) **Termination.** The Company or the Executive may terminate the Executive's Employment at any time and for any reason (or no reason), and with or without Cause (in the case of the Company) or Constructive Termination (in the case of Executive), by giving the other party notice in writing. The Executive's Employment shall terminate automatically in the event of his death.

(d) **Rights Upon Termination.** Except as expressly provided in Section 5, upon the termination of the Executive's Employment pursuant to this Section 4, the Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 2 and 3 preceding the effective date of the termination.

5. Termination Benefits.

(a) **General Release.** Any other provision of this Agreement notwithstanding, Subsections (b), (c), and (d) below shall not apply unless the Employee (i) has executed a general release (in a form reasonably prescribed by the Company) of

all known and unknown claims that he may then have against the Company or persons affiliated with the Company, and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims.

(b) **Severance Pay.** If, during the term of this Agreement, the Company terminates the Executive's Employment for any reason other than Cause, or if the Executive voluntarily resigns from the Company, (collectively, a "Termination Event"), then the Company shall pay the Executive his Base Compensation for the remaining period of the then-current term of this Agreement, but not in excess of twelve (12) months.

(c) **Disability or Death.** If the Executive's employment is terminated by the Company by reason of the Executive's Disability or death, the Executive shall be entitled to a prompt cash payment of a prorated portion of the payments set forth in Sections 2(a) and (b) above for the year in which such termination occurs. Executive and his eligible dependents shall be entitled to continued participation so long as he is disabled and is not eligible for coverage under a successor employer's plans through the month in which the Executive attains age 65 in all medical, dental, vision and hospitalization insurance coverage, and in all other employee welfare benefit plans, programs and arrangements in which he was participating on the date of termination of his employment for Disability on terms and conditions that are no less favorable than those applicable, from time to time, to senior executives of the Company. For purposes of this Agreement, "Disability" means the Executive's inability, due to physical or mental incapacity, to substantially perform his duties and responsibilities contemplated by this Agreement. In the event of a dispute as to whether the Executive is disabled, the determination shall be made by a licensed medical doctor selected by the Company and agreed to by the Executive. If the parties cannot agree on a medical doctor, each party shall select a medical doctor and the two doctors shall select a third who shall be the approved medical doctor for this purpose. The Executive agrees to submit to such tests and examinations as such medical doctor shall deem appropriate.

(d) **Definition of "Cause."** For all purposes under this Agreement, "Cause" shall mean:

(i) Any breach of the Invention, Confidential Information and Non-Competition Agreement referenced in Section 6 hereof between the Executive and the Company, as determined by the Board of Directors of the Company;

(ii) Conviction of, or a plea of "guilty" or "no contest" to, a felony, or a plea of "guilty" or "no contest" to a lesser included offense in exchange for withdrawal of a felony indictment of felony charge by indictment, in each case whether arising under the laws of the United States or any state thereof;

(iii) Any act or acts of material fraud;

(iv) Violations of applicable laws, rules or regulations that expose the Company to material damages or material liability

(v) Material breach by the employee of any material provision of the Employment Agreement that remains uncorrected for 30 days following written notice of such breach to the employee by the company.

(e) Definition of "Constructive Termination." For all purposes under this Agreement, Constructive Termination shall mean the voluntary resignation of the Executive within 60 days following;

(i) The failure of the Executive to be elected or reelected to any of the positions described in Section 1(a) or his removal from any such position without his written consent.

(ii) A material diminution in the Executive's duties or the assignment of him of any duties inconsistent with the Executive's position and status as Vice President of the Company.

(iii) A change in the Executive's reporting relationship.

(iv) A reduction in the Executive's Base Compensation without his consent;

(v) Receipt of notice from Company that the Executive's principal workplace will be relocated by more than 50 miles without his written consent;

(vi) A breach by the Company of any of its material obligations to the Executive under this Agreement; or

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to all or substantially all of the assets or business of the Company to assume and agree to perform this Agreement within 15 days after a merger, consolidation, sale or similar transaction.

6. Invention, Confidential Information and Non-Competition Agreement. The Executive has entered into an Invention, Confidential Information and Non-Competition Agreement with the Company, in the form attached hereto as Exhibit A, which is incorporated herein by reference.

7. Successors.

(a) Company's Successors. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) Executives Successors. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) Modifications and Waivers. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Indemnification. To the fullest extent permitted by the indemnification provisions of the Articles of Incorporation and Bylaws of the Company in effect as of the date of this Agreement, and indemnification provision of the laws of the jurisdiction of the Company's incorporation in effect from time to time, the Company and any of its successors or assigns shall indemnify the Executive as a director, senior officer or employee of the Company against all liabilities and reasonable expenses that may be incurred in any threatened, pending or completed action, suit or proceeding, and shall pay for the reasonable expenses incurred by the Executive in the defense of or participation in any proceeding to which the Executive is a party because of his service to the Company. The rights of the Executive under this indemnification provision shall survive the termination of employment and the Company shall procure the same in the event it is acquired or for any reason there become a successor to its obligations under this Agreement.

(d) Whole Agreement. This Agreement and the Invention, Confidential Information and Non-Competition Agreement between the Company and Executive contain

the entire understanding of the parties with respect to the subject matter hereof. No other agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in such agreements have been made or entered into by either party with respect to the subject matter hereof.

(e) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(f) **Choice of Law and Severability.** This Agreement is executed by the parties in the State of Texas and shall be interpreted in accordance with the laws of such State (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. Should there ever occur any conflict between any provision contained in this Agreement and any present or future statue, law, ordinance or regulation contrary to which the parties have no legal right to contract, then the latter shall prevail but the provision of this Agreement affected thereby shall be curtailed and limited only to the extent necessary to bring it into compliance with applicable law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(g) **Arbitration.** Any controversy or claim arising out of or relating to this Agreement or the breach thereof, or the Executive's Employment or the termination thereof, shall be settled in Houston, Texas, by arbitration in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association. The decision of the arbitrator shall be final and binding on the parties, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties hereby agree that the arbitrator shall be empowered to enter an equitable decree mandating specific enforcement of the terms of this Agreement. The Company and the Executive shall share equally all fees and expenses of the arbitrator. The Executive hereby consents to personal jurisdiction of the state and federal courts located in the State of Texas for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(h) **No Assignment.** This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in

connection with any sale or transfer of all or substantial portion of the Company's assets to such entity.

(i) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

/s/ Richard D. Thornton Jr.
RICHARD D. THORNTON, Jr.

BLAST ENERGY SERVICES, INC.

By: /s/ David M. Adams
Name: David M. Adams
Title: President and Co-CEO

EXHIBIT A

Invention, Confidential Information and Non-Competition Agreement

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT, entered into this 25th day of August, 2006, by and between **Blast Energy Services, Inc.** a corporation organized and existing under the laws of the State of California., ("Disclosing Party"), and **Richard D. Thornton, Jr.,** ("Receiving Party"). Disclosing Party and Receiving Party are sometimes herein individually called a “Party” and collectively called the “Parties”.

1. **Disclosure of Confidential Information.** The Disclosing Party is willing, in accordance with the terms and conditions of this Agreement, to disclose to the Receiving Party certain confidential information, which is proprietary, relating to the abrasive fluid jetting and other technical information, (“Technology”), which may be in tangible, intangible or electronic form, together with any notes, memoranda, analyses, evaluations, charts, drawings or summaries derived therefrom. The foregoing is herein referred to, individually or collectively as the context may require, as the "**Confidential Information".** The obligation of Disclosing Party to disclose Confidential Information to Receiving Party is subject to applicable provisions of agreements that Disclosing Party has with third parties.

2. **Confidentiality Obligation and Non-Competition.** In consideration of the disclosure of Confidential Information referred to in Paragraph 1 hereof, the Receiving Party agrees that the Confidential Information shall be kept strictly confidential and shall not be sold, traded, published or otherwise disclosed to anyone in any manner whatsoever, including by means of photocopy or reproduction, without the Disclosing Party's prior written consent, except as provided in Paragraphs 3, 4 and 5 below.

3. **Confidentiality Exceptions.** The Receiving Party may disclose the Confidential Information without the Disclosing Party's prior written consent only to the extent such information:

(A) is already known to the Receiving Party as of the date of disclosure hereunder;

(B) is already in possession of the public or becomes available to the public other than through the act or omission of the Receiving Party;

(C) is required to be disclosed under applicable law or by a governmental order, decree, regulation or rule (provided that the Receiving Party shall give written notice to the Disclosing Party prior to such disclosure); or

(D) is acquired independently from a third party that represents that it has the right to disclose such information at the time it is acquired by the Receiving Party.

4. **Disclosure to Affiliated Companies.** The Receiving Party may disclose the Confidential Information without the Disclosing Party's prior written consent to an Affiliated Company (as hereinafter defined), provided that the Receiving Party guarantees the adherence of such Affiliated Company to the terms of this Agreement. "**Affiliated Company**" shall mean any company or legal entity which (a) controls either directly or indirectly a Party, or (b) which is controlled directly or

indirectly by such Party, or (c) is directly or indirectly controlled by a company or entity that directly or indirectly controls such Party. "**Control**" means the right to exercise more than 50% or more of the voting rights of such company.

5. **Other Permitted Disclosures.** The Receiving Party shall be entitled to disclose the Confidential Information without the Disclosing Party's prior written consent to such of the following persons who have a clear need to know in order to evaluate the Area of Operations:

(A) employees, officers and directors of the Receiving Party;

(B) employees, officers and directors of an Affiliated Company;

(C) any professional consultant or agent retained by the Receiving Party for the purpose of evaluating the Confidential Information; or

(D) any bank, financial institution or person that finances the participation by Receiving Party or an Affiliate of Receiving Party of the Technology, including any professional consultant retained by such entity for the purpose of evaluating the Confidential Information.

Prior to making any such disclosures to persons under subparagraphs (C) and (D) above, however, the Receiving Party shall obtain from each such person an undertaking of confidentiality, with substantially the same content as this Agreement.

6. **Use of Confidential Information by Receiving Party.** The Receiving Party and its Affiliated Companies, if any, shall use or permit the use of the Confidential Information disclosed under Paragraphs 4 or 5 above to evaluate the Area of Operations and determine whether to enter into a participation with Disclosing Party or one of its Affiliates for evaluation of the Technology.

7. **Responsibility to Ensure Confidentiality.** The Receiving Party shall be responsible for ensuring that all persons to whom the Confidential Information is disclosed under this Agreement shall keep such information confidential and shall not disclose or divulge the same to any unauthorized person. Neither Party shall be liable in an action initiated by one against the other for special, indirect or consequential damages resulting from or arising out of this Agreement, including, without limitation, loss of profit or business interruptions, however it may be caused.

8. **Ownership of Confidential Information.** The Confidential Information shall remain the property of the Disclosing Party, and the Disclosing Party may demand the return thereof at any time upon giving written notice to the Receiving Party. Within 10 days of receipt of such notice, the Receiving Party shall return all of the original Confidential Information and shall destroy all copies and reproductions (both written and electronic) in its possession and in the possession of persons to whom it was disclosed pursuant to Paragraphs 4 and 5 hereof. .

9. **Further Agreements.** If the Parties agree to participate in further agreements, which include confidentiality provisions, then this Agreement shall terminate automatically on the date the Receiving Party enters into a further agreement with Disclosing Party or one of its Affiliates that contains provisions covering the confidentiality of data for the Technology. Unless earlier

terminated under the preceding sentence, the confidentiality obligations set forth in this Agreement shall terminate two (2) years after the date of this Agreement.

10. **Right to Disclose Confidential Information.** The Disclosing Party hereby represents and warrants that it has the right and authority to disclose the Confidential Information to the Receiving Party, subject to the terms of agreements of Disclosing Party with third parties relating to the Confidential Information. The Disclosing Party, however, makes no representations or warranties, express or implied, as to the quality, accuracy and completeness of the Confidential Information disclosed hereunder, and the Receiving Party expressly acknowledges the inherent risk of error in the acquisition, processing and interpretation of geological and geophysical data. The Disclosing Party, its Affiliated Companies, their officers, directors and employees shall have no liability whatsoever with respect to the use of or reliance upon the Confidential Information by the Receiving Party.

11 **General Provisions.**

(A) **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas, without regard to principles of conflicts of law that would refer the matter to the laws of another jurisdiction.

(A) **Dispute Resolution.** Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination, which cannot be amicably resolved by the Parties, shall be settled by arbitration before three arbitrators, one to be appointed by each Party and the two so appointed shall appoint the third arbitrator, in accordance with the Arbitration Rules of the American Arbitration Association as amended from time to time. Arbitration shall be held in Houston, Texas, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. A dispute shall be deemed to have arisen when either Party notifies the other Party in writing to that effect. Each Party shall share equally in the costs of any arbitration, however, each Party shall pay its own costs and attorney fees irrespective of which Party prevails in the arbitration.

(C) **Approval of Offers.** Unless otherwise expressly stated in writing, any prior or future proposals or offers made in the course of the Parties' discussions are implicitly subject to all necessary management and government approvals and may be withdrawn by either Party at any time. Nothing contained herein is intended to confer upon Receiving Party any right whatsoever to Disclosing Party's interests. Receiving Party agrees with Disclosing Party that neither the review of Confidential Information nor the granting of access thereto creates any obligation on Receiving Party or Disclosing Party to acquire or dispose of, respectively, any interest in their operations.

(D). **Further Agreements.** Unless otherwise expressly stated in writing, any prior or future proposals or offers made in the course of the Parties' discussions are implicitly subject to all necessary management and other approvals and may be withdrawn by either Party at any time. Nothing contained herein is intended to confer upon the Receiving Party any right whatsoever to the Disclosing Party's interest in their operations.

(E). **Amendments to Agreement.** No amendments, changes or modifications to this Agreement shall be valid except if the same are in writing and signed by a duly authorized representative of each of the Parties hereto.

(E) **Entire Agreement.** This Agreement comprises the full and complete agreement of the Parties hereto with respect to the disclosure of the Confidential Information and supersedes and cancels all prior communications, understandings and agreements between the Parties hereto, whether written or oral, expressed or implied.

(F) **Notices.** Any notice given hereunder by either Party shall be given in writing and shall be delivered in person, or sent by facsimile, or mailed by first class or registered mail, postage prepaid, and shall be considered to have been well and sufficiently given when received by the Party to whom it is addressed as follows. Each Party shall have the right to change its address at any time and/or designate that copies of all notices be directed to another person at another address, by giving written notice thereof to the other Party.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have caused this Agreement to be executed on the date first written above.

BLAST ENERGY SERVICES, INC.

By: /s/ David M. Adams

RECEIVING PARTY

By: /s/ Richard D. Thornton Jr.

EMPLOYEE CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my employment or continued employment by Blast Energy Services (the "Company"), together with its affiliates and subsidiaries, and any subsidiaries or affiliates which hereafter may be formed or acquired, and in recognition of the fact that as an employee of Blast Energy Services I will have access to Blast Energy Services' customers and to confidential and valuable business information of Blast Energy Services and its parent company, if applicable, together with its affiliates and subsidiaries, and any subsidiaries or affiliates which hereafter may be formed or acquired, I hereby agree as follows:

1. Blast Energy Services' Business. Blast Energy Services' Business is providing drilling and communications services to the oil and gas industry. Blast Energy Services is committed to quality and service in every aspect of its business. I understand that Blast Energy Services looks to and expects from its employees a high level of competence, cooperation, loyalty, integrity, initiative, and resourcefulness. I understand that as an employee of Blast Energy Services, I will have substantial contact with Blast Energy Services' customers and potential customers.

I further understand that all business and fees, including consulting, risk management and other services produced or transacted through my efforts, shall be the sole property of Blast Energy Services, and that I shall have no right to share in any commission or fee resulting from the conduct of such business other than as compensation referred to in the paragraph entitled "Compensation and Benefits" hereof. All checks or bank drafts received by me from any customer or account shall be made payable to Blast Energy Services, and all premiums, commissions, or fees that I may collect shall be in the name of and on behalf of Blast Energy Services.

2. Duties of Employee. I shall comply with all Company rules, procedures, and standards governing the conduct of employees and their access to and use of Blast Energy Services' property, equipment, and facilities. I understand that Blast Energy Services will make reasonable efforts to inform me of the rules, standards, and procedures which are in effect from time to time and which apply to me.

3. Compensation and Benefits. I shall receive the compensation as is mutually agreed upon, which may be adjusted from time to time, as full compensation for services performed under this Agreement. In addition, I may participate in such employee benefit plans and receive such other fringe benefits, subject to the same eligibility requirements, as are afforded other Company employees in my job classification. I understand that these employee benefit plans and fringe benefits may be amended, enlarged, or diminished by Blast Energy Services from time to time, at its discretion.

4. Management of Blast Energy Services. Blast Energy Services may manage and direct its business affairs as it sees fit, including, without limitation, the assignment of duties and responsibilities, the assignment of sales territories, notwithstanding any employee's individual interest in or expectation regarding a particular business location or customer account.

5. Termination of Employment. My employment may be terminated by Blast Energy Services or me at any time, with or without notice or cause. Upon termination of my employment, I shall be entitled to receive incentive payments in accordance with the provisions of Blast Energy Services' Incentive Plan, as it may be modified by Blast Energy Services from time to time, less any adjustments for amounts owed by me to Blast Energy Services. I understand that I may also receive additional compensation at the discretion of Blast Energy Services and in accordance with the published Company Personnel Policy on Termination Pay.

6. Agreement Not to Compete with Blast Energy Services.

A. As long as I am employed by Blast Energy Services, I shall not participate directly or indirectly, in any capacity, in any business or activity that is in competition with Blast Energy Services.

B. In consideration of my employment rights under this Agreement and in recognition of the fact that I will have access to the confidential information of Blast Energy Services and that Blast Energy Services' relationships with its customers and potential customers constitute a substantial part of its goodwill, I agree that for One (1) year from and after termination of my employment, for any reason, unless acting with Blast Energy Services' express prior written consent, I shall not, directly or indirectly, in any capacity, solicit or accept business from, provide consulting services of any kind to, or perform any of the services offered by Blast Energy Services, for any of Blast Energy Services' customers or prospects with whom I had business dealings in the year next preceding the termination of my employment.

C. I agree not to go into business as a direct competitor of Company within the United States of America for a period of twelve (12) months following the expiration or termination of this agreement or following termination of employment and notwithstanding the cause or reason for termination.

7. Unauthorized Disclosure of Confidential Information. While employed by Blast Energy Services and thereafter, I shall not, directly or indirectly, disclose to anyone outside of Blast Energy Services any Confidential Information or use any Confidential Information (as hereinafter defined) other than pursuant to my employment by and for the benefit of Blast Energy Services.

The term "Confidential Information" as used throughout this Agreement means any and all trade secrets and any and all data or information not generally known outside of Blast Energy Services whether prepared or developed by or for Blast Energy Services or received by Blast Energy Services from any outside source. Without limiting the scope of this definition, Confidential Information includes: any customer files, customer lists, any business, marketing, financial or sales record, data, plan, or survey; and any other record or information relating to the present or future business, product, or service of Blast Energy Services. All Confidential Information and copies thereof are the sole property of Blast Energy Services.

Notwithstanding the foregoing, the term Confidential Information shall not apply to information that Blast Energy Services has voluntarily disclosed to the public without restriction, or which has otherwise lawfully entered the public domain.

8. Prior Obligations. I have informed Blast Energy Services in writing of any and all continuing obligations that require me to withhold or not disclose any information or that limits my opportunity or capacity to compete with any previous employer.

9. Employee's Obligation to Cooperate. At any time upon request of Blast Energy Services, at Blast Energy Services' expense, I shall execute all documents and perform all lawful acts Blast Energy Services considers necessary or advisable to secure its rights hereunder and to carry out the intent of this agreement.

10. Return of Property. At any time upon request of Blast Energy Services, and upon termination of my employment, I shall return promptly to Blast Energy Services, all copies of all Confidential Information or Developments, and all records, files, blanks, forms, materials, supplies, and any other materials furnished, used, or generated by me during the course of my employment, and any copies of the foregoing, all of which I recognize to be the sole property of Blast Energy Services.

11. Special Remedies. I recognize that money damages alone would not adequately compensate Blast Energy Services in the event of a breach by me of this Agreement, and I therefore agree that, in addition to all other remedies available to Blast Energy Services at law or in equity, Blast Energy Services shall be entitled to injunctive relief for the enforcement hereof. Failure by Blast Energy Services to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such terms, covenants, or conditions.

12. Miscellaneous Provisions. (Check appropriate paragraph. Have employee initial)

[ ] This Agreement contains the entire and only agreement between me and Blast Energy Services respecting the subject matter hereof and supersedes all prior agreements and understandings between us as to the subject matter hereof; and no modification shall be binding upon me or Blast Energy Services unless made in writing and signed by me and an authorized officer of Blast Energy Services.
Initials: _____

[X] I acknowledge that there may be more than one agreement between me and Blast Energy Services respecting the subject matter hereof. In this event, this Agreement will be treated as an integral part of the sum of these agreements. In the case of duplication, respecting the subject matter hereof, my obligations shall consist of the sum of my obligations within said agreements. I am fully responsible for notifying Blast Energy Services of any conflict between said agreements immediately upon my discovery of such. No modifications shall be binding upon Blast Energy Services or me unless made in writing and signed by me and an authorized officer of Blast Energy Services.
Initials: RT

My obligations under this Agreement shall survive the termination of my employment with Blast Energy Services regardless of the manner of or reasons for such termination, and regardless of whether such termination constitutes a breach of this Agreement or of any other agreement I may have with Blast Energy Services. If any provisions of this Agreement are held or deemed unenforceable or too broad to permit enforcement of such provision to its full extent, then such provision shall be enforced to the maximum extent permitted by law. If any of the provisions of this Agreement shall be construed to be illegal or invalid, the validity of any other provision hereof shall not be affected thereby.

This Agreement shall be governed and construed according to the laws of the State of California and shall be deemed to be effective as of the first day of my employment by Blast Energy Services.

BY SIGNING THIS AGREEMENT, I ACKNOWLEDGE THAT I HAVE READ AND UNDERSTOOD ALL OF ITS PROVISIONS AND THAT I AGREE TO BE FULLY BOUND BY THE SAME.

Employee: /s/ Richard D. Thornton, Jr. Date: 8/24/06

Accepted by: /s/ David M. Adams President & Co-CEO Date: 8/24/06
(Name of Officer) Title

Exhibit 10.4

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 25, 2006, by and between BLAST ENERGY SERVICES, INC., a California corporation (the "Company"), and LAURUS MASTER FUND, LTD., a Cayman Islands company (the "Purchaser").

RECITALS

WHEREAS, the Company has authorized the sale to the Purchaser of a Secured Term Note in the aggregate principal amount of FORTY MILLION SIX HUNDRED THOUSAND DOLLARS ($40,600,000) in the form of Exhibit A hereto (as amended, modified and/or supplemented from time to time, the "Note");

WHEREAS, the Company wishes to issue to the Purchaser (i) a warrant in the form of Exhibit B hereto (as amended, modified and/or supplemented from time to time, the "Par Value Warrant") to purchase up to 6,090,000 shares of the Company's common stock, no par value per share (the "Common Stock") and (ii) a warrant in the form of Exhibit C hereto (as amended, modified and/or supplemented from time to time, the "Additional Warrant", and together with the Par Value Warrant, the "Warrants" and each, a "Warrant") to purchase up to 6,090,000 shares of the Company's Common Stock (each subject to adjustment as set forth therein) in connection with the Purchaser's purchase of the Note;

WHEREAS, the Purchaser desires to purchase the Note and the Warrants on the terms and conditions set forth herein; and

WHEREAS, the Company desires to issue and sell the Note and Warrants to the Purchaser on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations, warranties and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Agreement to Sell and Purchase. Pursuant to the terms and conditions set forth in this Agreement, on the Closing Date (as defined in Section 3), the Company shall sell to the Purchaser, and the Purchaser shall purchase from the Company, the Note. The sale of the Note on the Closing Date shall be known as the "Offering." The Note will mature on the Maturity Date (as defined in the Note). Collectively, the Note and Warrants and Common Stock issuable upon exercise of the Warrants are referred to as the "Securities."

2. Fees and Warrant. On the Closing Date:

(a) The Company will issue and deliver to the Purchaser (i) the Par Value Warrant to purchase up to 6,090,000 shares of Common Stock and (ii) the Additional

Warrant to purchase up to 6,090,000 shares of Common Stock (each subject to adjustment as set forth therein) in connection with the Offering, pursuant to Section 1 hereof. All the representations, covenants, warranties, undertakings, and indemnification, and other rights made or granted to or for the benefit of the Purchaser by the Company are hereby also made and granted for the benefit of the holder of the each Warrant and shares of the Company's Common Stock issuable upon exercise of the each Warrant (the "Warrant Shares").

(b) Subject to the terms of Section 2(d) below, the Company shall pay to Laurus Capital Management, LLC, the investment manager of the Purchaser ("LCM"), a non-refundable payment in an amount equal to three and one half percent (3.50%) of the aggregate principal amount of the Note. The foregoing payment is referred to herein as the "LCM Payment." Such payment shall be deemed fully earned on the Closing Date and shall not be subject to rebate or proration for any reason.

(c) The Company shall reimburse the Purchaser for its reasonable expenses (including reasonable and customary legal fees and expenses) incurred in connection with the entering into this Agreement and the Related Agreements (as hereinafter defined). The Company shall reimburse the Purchaser for the expenses incurred by the Purchaser in connection with the Purchaser's due diligence review of the Company and its Subsidiaries (as defined in Section 4.2) and all related matters, and such due diligence reimbursement shall not exceed $30,000 (the "Due Diligence Fee Cap"). Notwithstanding the prior sentence, the Due Diligence Fee Cap shall not apply to the cost of any required third-party appraisals or extraordinary diligence necessary for the Purchaser to complete its due diligence. Amounts required to be paid under this Section 2(c) will be paid on the Closing Date.

(d) The LCM Payment and the expenses referred to in the preceding clause (c) (net of deposits previously paid by the Company) shall be paid at closing out of funds held pursuant to the Escrow Agreement (as defined below) and a disbursement letter (the "Disbursement Letter").

3. Closing, Delivery and Payment.

3.1 Closing. Subject to the terms and conditions herein, the closing of the transactions contemplated hereby (the "Closing"), shall take place on the date hereof, at such time or place as the Company and the Purchaser may mutually agree (such date is hereinafter referred to as the "Closing Date").

3.2 Delivery. Pursuant to the Escrow Agreement, at the Closing on the Closing Date, the Company will deliver to the Purchaser, among other things, the Note and the Warrants and the Purchaser will deliver to the Company, among other things, the amounts set forth in the Disbursement Letter by certified funds or wire transfer. The Company hereby acknowledges and agrees that Purchaser's obligation to purchase the Note from the Company on the Closing Date shall be contingent upon the satisfaction (or waiver by the Purchaser in its sole

discretion) of the items and matters set forth in the closing checklist provided by the Purchaser to the Company on or prior to the Closing Date.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser as follows:

4.1 Organization, Good Standing and Qualification. Each of the Company and each of its Subsidiaries is a corporation, partnership or limited liability company, as the case may be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each of the Company and each of its Subsidiaries has the corporate, limited liability company or partnership, as the case may be, power and authority to own and operate its properties and assets and, insofar as it is or shall be a party thereto, to (1) execute and deliver (i) this Agreement, (ii) the Note and the Warrants to be issued in connection with this Agreement, (iii) the Master Security Agreement dated as of the date hereof between the Company, certain Subsidiaries of the Company and the Purchaser (as amended, modified and/or supplemented from time to time, the "Master Security Agreement"), (iv) the Intellectual Property Security Agreement dated as of the date hereof made by the Company in favor of the Purchaser (as amended, modified and/or supplemented from time to time, the "IP Security Agreement"), (v) the Registration Rights Agreement relating to the Securities dated as of the date hereof between the Company and the Purchaser (as amended, modified and/or supplemented from time to time, the "Registration Rights Agreement"), (vi) the Subsidiary Guaranty dated as of the date hereof made by certain Subsidiaries of the Company (as amended, modified and/or supplemented from time to time, the "Subsidiary Guaranty"), (vii) the Membership Interest Pledge Agreement dated as of the date hereof among the Company, certain Subsidiaries of the Company and the Purchaser (as amended, modified and/or or supplemented from time to time, the "Pledge Agreement"), (viii) the Funds Escrow Agreement dated as of the date hereof among the Company, the Purchaser and the escrow agent referred to therein, substantially in the form of Exhibit D hereto (as amended, modified and/or supplemented from time to time, the "Escrow Agreement") and (ix) all other documents, instruments and agreements entered into in connection with the transactions contemplated hereby and thereby (the preceding clauses (ii) through (ix), collectively, the "Related Agreements"); (2) issue and sell the Note; (3) issue and sell the Warrants and the Warrant Shares; and (4) carry out the provisions of this Agreement and the Related Agreements and to carry on its business as presently conducted. Each of the Company and each of its Subsidiaries is duly qualified and is authorized to do business and is in good standing as a foreign corporation, partnership or limited liability company, as the case may be, in all jurisdictions in which the nature or location of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so has not, or could not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, assets, liabilities, condition (financial or otherwise), properties, operations or prospects of the Company and its Subsidiaries, taken individually and as a whole (a "Material Adverse Effect").

4.2 Subsidiaries. Each direct and indirect Subsidiary of the Company, the direct owner of such Subsidiary and its percentage ownership thereof, is set forth on Schedule 4.2. For the purpose of this Agreement, a "Subsidiary" of any person or entity means (i) a corporation or other entity whose shares of stock or other ownership interests having ordinary

voting power (other than stock or other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other persons or entities performing similar functions for such person or entity, are owned, directly or indirectly, by such person or entity or (ii) a corporation or other entity in which such person or entity owns, directly or indirectly, more than 50% of the equity interests at such time.

4.3 Capitalization; Voting Rights.

(a) The authorized capital stock of the Company as of the date hereof consists of 100,000,000 shares of Common Stock, no par value per share, 45,125,404 shares of which are issued and outstanding, including 1,150,000 shares reserved for settlement of a law suit described in Schedule 4.3. The authorized, issued and outstanding capital stock of each Subsidiary of the Company is set forth on Schedule 4.3.

(b) Except as disclosed on Schedule 4.3, other than: (i) the shares reserved for issuance under the Company's stock option plans; and (ii) shares which may be granted pursuant to this Agreement and the Related Agreements, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or stockholder agreements, or arrangements or agreements of any kind for the purchase or acquisition from the Company of any of its securities. Except as disclosed on Schedule 4.3, neither the offer, issuance or sale of any of the Note or either of the Warrants, or the issuance of any of the Warrant Shares, nor the consummation of any transaction contemplated hereby will result in a change in the price or number of any securities of the Company outstanding, under anti-dilution or other similar provisions contained in or affecting any such securities.

(c) All issued and outstanding shares of the Company's Common Stock: (i) have been duly authorized and validly issued and are fully paid and nonassessable; and (ii) were issued in compliance with all applicable state and federal laws concerning the issuance of securities.

(d) The rights, preferences, privileges and restrictions of the shares of the Common Stock are as stated in the Company's Certificate of Incorporation as amended through the date hereof (the "Charter"). The Warrant Shares have been duly and validly reserved for issuance. When issued in compliance with the provisions of this Agreement and the Company's Charter, the Securities will be validly issued, fully paid and nonassessable, and will be free of any liens or encumbrances; provided, however, that the Securities may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein or as otherwise required by such laws at the time a transfer is proposed.

4.4 Authorization; Binding Obligations. All corporate, partnership or limited liability company, as the case may be, action on the part of the Company and each of its Subsidiaries (including their respective officers and directors) necessary for the authorization of this Agreement and the Related Agreements, the performance of all obligations of the Company

and its Subsidiaries hereunder and under the other Related Agreements at the Closing and, the authorization, sale, issuance and delivery of the Note and Warrants has been taken or will be taken prior to the Closing. This Agreement and the Related Agreements, when executed and delivered and to the extent it is a party thereto, will be valid and binding obligations of each of the Company and each of its Subsidiaries, enforceable against each such person or entity in accordance with their terms, except:

(a) as limited by applicable bankruptcy, insolvency, reorganization, mora-torium or other laws of general application affecting enforcement of creditors' rights; and

(b) general principles of equity that restrict the availability of equitable or legal remedies.

The sale of the Note is not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with. The issuance of the Warrant and the subsequent exercise of the Warrant for Warrant Shares are not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with.

4.5 Liabilities; Solvency.

(a) Neither the Company nor any of its Subsidiaries has any liabilities, except current liabilities incurred in the ordinary course of business and liabilities disclosed in any of the Company's filings under the Securities Exchange Act of 1934 ("Exchange Act") made prior to the date of this Agreement (collectively, the "Exchange Act Filings"), copies of which have been filed on EDGAR or otherwise provided to the Purchaser.

(b) Both before and after giving effect to (a) the consummation of the transactions contemplated hereby (b) the disbursement of the proceeds of, or the assumption of the liability in respect of, the Note pursuant to the instructions or agreement of the Company and (c) the payment and accrual of all transaction costs in connection with the foregoing, the Company and each Subsidiary of the Company, is and will be, Solvent. For purposes of this Section 4.5(b), "Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person; (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute and unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that can reasonably be expected to become an actual or matured liability.

4.6 Agreements; Action. Except as set forth on Schedule 4.6 or as disclosed in any Exchange Act Filings:

(a) there are no agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which the Company or any of its Subsidiaries is a party or by which it is bound which may involve: (i) obligations (contingent or otherwise) of, or payments to, the Company or any of its Subsidiaries in excess of $50,000 (other than obligations of, or payments to, the Company or any of its Subsidiaries arising from purchase or sale agreements entered into in the ordinary course of business); or (ii) the transfer or license of any patent, copyright, trade secret or other proprietary right to or from the Company or any of its Subsidiaries (other than licenses arising from the purchase of "off the shelf" or other standard products); or (iii) provisions restricting the development, manufacture or distribution of the Company's or any of its Subsidiaries products or services; or (iv) indemnification by the Company or any of its Subsidiaries with respect to infringements of proprietary rights.

(b) Since June 30, 2006 (the "Balance Sheet Date"), neither the Company nor any of its Subsidiaries has: (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock and/or membership interests; (ii) incurred any indebtedness for money borrowed or any other liabilities (other than ordinary course obligations) individually in excess of $50,000 or, in the case of indebtedness and/or liabilities individually less than $50,000, in excess of $100,000 in the aggregate; (iii) made any loans or advances to any person or entity not in excess, individually or in the aggregate, of $100,000, other than ordinary course advances for travel expenses; or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

(c) For the purposes of subsections (a) and (b) above, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company or any Subsidiary of the Company has reason to believe are affiliated therewith) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsections.

(d) The Company maintains disclosure controls and procedures ("Disclosure Controls") designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC").

(e) The Company makes and keep books, records, and accounts, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets. The Company maintains internal control over financial reporting ("Financial Reporting Controls") designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's board of directors, management, and other personnel, to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP"), including that:

(i) transactions are executed in accordance with management's general or specific authorization;

(ii) unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements are prevented or timely detected;

(iii) transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and board of directors;

(iv) transactions are recorded as necessary to maintain accountability for assets; and

(v) the recorded accountability for assets is compared with the existing assets at reasonable intervals, and appropriate action is taken with respect to any differences.

(f) There is no weakness in any of the Company's Disclosure Controls or Financial Reporting Controls that is required to be disclosed in any of the Exchange Act Filings, except as so disclosed.

4.7 Obligations to Related Parties. Except as set forth on Schedule 4.7, there are no obligations of the Company or any of its Subsidiaries to officers, directors, stockholders or employees of the Company or any of its Subsidiaries other than:

(a) for payment of salary or fees for services rendered and for bonus payments;

(b) reimbursement for reasonable expenses incurred on behalf of the Company and its Subsidiaries;

(c) for other standard employee benefits made generally available to all employees (including stock option agreements outstanding under any stock option plan approved by the Board of Directors of the Company and each Subsidiary of the Company, as applicable); and

(d) obligations listed in the Company's and each of its Subsidiary's financial statements or disclosed in any of the Company's Exchange Act Filings.

Except as described above or set forth on Schedule 4.7, none of the officers, directors or, to the best of the Company's knowledge, key employees or stockholders of the Company or any of its

Subsidiaries or any members of their immediate families, are indebted to the Company or any of its Subsidiaries, individually or in the aggregate, in excess of $50,000 or have any direct or indirect ownership interest in any firm or corporation with which the Company or any of its Subsidiaries is affiliated or with which the Company or any of its Subsidiaries has a business relationship, or any firm or corporation which competes with the Company or any of its Subsidiaries, other than passive investments in publicly traded companies (representing less than one percent (1%) of such company) which may compete with the Company or any of its Subsidiaries. Except as described above, no officer, director or stockholder of the Company or any of its Subsidiaries, or any member of their immediate families, is, directly or indirectly, interested in any material contract with the Company or any of its Subsidiaries and no agreements, understandings or proposed transactions are contemplated between the Company or any of its Subsidiaries and any such person. Except as set forth on Schedule 4.7, neither the Company nor any of its Subsidiaries is a guarantor or indemnitor of any indebtedness of any other person or entity.

4.8 Changes. Since the Balance Sheet Date, except as disclosed in any Exchange Act Filing or in any Schedule to this Agreement or to any of the Related Agreements, there has not been:

(a) any change in the business, assets, liabilities, condition (financial or otherwise), properties, operations or prospects of the Company or any of its Subsidiaries, which individually or in the aggregate has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) any resignation or termination of any officer, key employee or group of employees of the Company or any of its Subsidiaries;

(c) any material change, except in the ordinary course of business, in the contingent obligations of the Company or any of its Subsidiaries by way of guaranty, endorsement, indemnity, warranty or otherwise;

(d) any damage, destruction or loss, whether or not covered by insurance, which has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(e) any waiver by the Company or any of its Subsidiaries of a valuable right or of a material debt owed to it;

(f) any direct or indirect loans made by the Company or any of its Subsidiaries to any stockholder, employee, officer or director of the Company or any of its Subsidiaries, other than advances made in the ordinary course of business;

(g) any material change in any compensation arrangement or agreement with any employee, officer, director or stockholder of the Company or any of its Subsidiaries;

(h) any declaration or payment of any dividend or other distribution of the assets of the Company or any of its Subsidiaries;

(i) any labor organization activity related to the Company or any of its Subsidiaries;

(j) any debt, obligation or liability incurred, assumed or guaranteed by the Company or any of its Subsidiaries, except those for immaterial amounts and for current liabilities incurred in the ordinary course of business;

(k) any sale, assignment or transfer of any patents, trademarks, copyrights, trade secrets or other intangible assets owned by the Company or any of its Subsidiaries;

(l) any change in any material agreement to which the Company or any of its Subsidiaries is a party or by which either the Company or any of its Subsidiaries is bound which either individually or in the aggregate has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(m) any other event or condition of any character that, either individually or in the aggregate, has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; or

(n) any arrangement or commitment by the Company or any of its Subsidiaries to do any of the acts described in subsection (a) through (m) above.

4.9 `Title to Properties and Assets; Liens, Etc. Except as set forth on Schedule 4.9, each of the Company and each of its Subsidiaries has good and marketable title to its properties and assets, and good title to its leasehold interests, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge, other than:

(a) those resulting from taxes which have not yet become delinquent;

(b) minor liens and encumbrances which do not materially detract from the value of the property subject thereto or materially impair the operations of the Company or any of its Subsidiaries, so long as in each such case, such liens and encumbrances have no effect on the lien priority of the Purchaser in such property; and

(c) those that have otherwise arisen in the ordinary course of business, so long as they have no effect on the lien priority of the Purchaser therein.

All facilities, machinery, equipment, fixtures, vehicles and other properties owned, leased or used by the Company and its Subsidiaries are in good operating condition and repair and are reasonably fit and usable for the purposes for which they are being used. Except as set forth on Schedule 4.9, the Company and its Subsidiaries are in compliance with all material terms of each lease to which it is a party or is otherwise bound.

4.10 Intellectual Property.

(a) Each of the Company and each of its Subsidiaries owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights,

trade secrets, licenses, information and other proprietary rights and processes necessary for its business as now conducted and, to the Company's knowledge, as presently proposed to be conducted (the "Intellectual Property"), without any known infringement of the rights of others. Except as set forth on Schedule 4.10, there are no outstanding options, licenses or agreements of any kind relating to the foregoing proprietary rights, nor is the Company or any of its Subsidiaries bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes of any other person or entity other than such licenses or agreements arising from the purchase of "off the shelf" or standard products.

(b) Neither the Company nor any of its Subsidiaries has received any communications alleging that the Company or any of its Subsidiaries has violated any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity, nor is the Company or any of its Subsidiaries aware of any basis therefor.

(c) The Company does not believe it is or will be necessary to utilize any inventions, trade secrets or proprietary information of any of its employees made prior to their employment by the Company or any of its Subsidiaries, except for inventions, trade secrets or proprietary information that have been rightfully assigned to the Company or any of its Subsidiaries.

4.11 Compliance with Other Instruments. Neither the Company nor any of its Subsidiaries is in violation or default of (x) any term of its Charter or Bylaws, or (y) any provision of any indebtedness, mortgage, indenture, contract, agreement or instrument to which it is party or by which it is bound or of any judgment, decree, order or writ, which violation or default, in the case of this clause (y), has had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. The execution, delivery and performance of and compliance with this Agreement and the Related Agreements to which it is a party, and the issuance and sale of the Note by the Company and the other Securities by the Company each pursuant hereto and thereto, will not, with or without the passage of time or giving of notice, result in any such material violation, or be in conflict with or constitute a default under any such term or provision, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company or any of its Subsidiaries or the suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties.

4.12 Litigation. Except as set forth on Schedule 4.12 hereto, there is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company or any of its Subsidiaries that prevents the Company or any of its Subsidiaries from entering into this Agreement or the other Related Agreements, or from consummating the transactions contemplated hereby or thereby, or which has had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or any change in the current equity ownership of the Company or any of its Subsidiaries, nor is

the Company aware that there is any basis to assert any of the foregoing. Neither the Company nor any of its Subsidiaries is a party to or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company or any of its Subsidiaries currently pending or which the Company or any of its Subsidiaries intends to initiate.

4.13 Tax Returns and Payments. Each of the Company and each of its Subsidiaries has timely filed all tax returns (federal, state and local) required to be filed by it. All taxes shown to be due and payable on such returns, any assessments imposed, and all other taxes due and payable by the Company or any of its Subsidiaries on or before the Closing, have been paid or will be paid prior to the time they become delinquent. Except as set forth on Schedule 4.13, neither the Company nor any of its Subsidiaries has been advised:

(a) that any of its returns, federal, state or other, have been or are being audited as of the date hereof; or

(b) of any adjustment, deficiency, assessment or court decision in respect of its federal, state or other taxes.

The Company has no knowledge of any liability for any tax to be imposed upon its properties or assets as of the date of this Agreement that is not adequately provided for.

4.14 Employees. Except as set forth on Schedule 4.14, neither the Company nor any of its Subsidiaries has any collective bargaining agreements with any of its employees. There is no labor union organizing activity pending or, to the Company's knowledge, threatened with respect to the Company or any of its Subsidiaries. Except as disclosed in the Exchange Act Filings or on Schedule 4.14, neither the Company nor any of its Subsidiaries is a party to or bound by any currently effective employment contract, deferred compensation arrangement, bonus plan, incentive plan, profit sharing plan, retirement agreement or other employee compensation plan or agreement. To the Company's knowledge, no employee of the Company or any of its Subsidiaries, nor any consultant with whom the Company or any of its Subsidiaries has contracted, is in violation of any term of any employment contract, proprietary information agreement or any other agreement relating to the right of any such individual to be employed by, or to contract with, the Company or any of its Subsidiaries because of the nature of the business to be conducted by the Company or any of its Subsidiaries; and to the Company's knowledge the continued employment by the Company and its Subsidiaries of their present employees, and the performance of the Company's and its Subsidiaries' contracts with its independent contractors, will not result in any such violation. Neither the Company nor any of its Subsidiaries is aware that any of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency that would interfere with their duties to the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has received any notice alleging that any such violation has occurred. Except for employees who have a current effective employment agreement with the Company or any of its Subsidiaries, no employee of the Company or any of its Subsidiaries has been granted the right to continued employment by the Company or any of its Subsidiaries or to any material compensation following termination of

employment with the Company or any of its Subsidiaries. Except as set forth on Schedule 4.14, the Company is not aware that any officer, key employee or group of employees intends to terminate his, her or their employment with the Company or any of its Subsidiaries, nor does the Company or any of its Subsidiaries have a present intention to terminate the employment of any officer, key employee or group of employees.

4.15 Registration Rights and Voting Rights. Except as set forth on Schedule 4.15 and except as disclosed in Exchange Act Filings, neither the Company nor any of its Subsidiaries is presently under any obligation, and neither the Company nor any of its Subsidiaries has granted any rights, to register any of the Company's or its Subsidiaries' presently outstanding securities or any of its securities that may hereafter be issued. Except as set forth on Schedule 4.15 and except as disclosed in Exchange Act Filings, to the Company's knowledge, no stockholder of the Company or any of its Subsidiaries has entered into any agreement with respect to the voting of equity securities of the Company or any of its Subsidiaries.

4.16 Compliance with Laws; Permits. Neither the Company nor any of its Subsidiaries is in violation of any provision of the Sarbanes-Oxley Act of 2002 or any SEC related regulation or rule or any rule of the Principal Market (as hereafter defined) promulgated thereunder or any other applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties which has had, or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. No governmental orders, permissions, consents, approvals or authorizations are required to be obtained and no registrations or declarations are required to be filed in connection with the execution and delivery of this Agreement or any other Related Agreement and the issuance of any of the Securities, except such as have been duly and validly obtained or filed, or with respect to any filings that must be made after the Closing, as will be filed in a timely manner. Each of the Company and its Subsidiaries has all material franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.17 Environmental and Safety Laws. Neither the Company nor any of its Subsidiaries is in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law or regulation. Except as set forth on Schedule 4.17, no Hazardous Materials (as defined below) are used or have been used, stored, or disposed of by the Company or any of its Subsidiaries or, to the Company's knowledge, by any other person or entity on any property owned, leased or used by the Company or any of its Subsidiaries. For the purposes of the preceding sentence, "Hazardous Materials" shall mean:

(a) materials which are listed or otherwise defined as "hazardous" or "toxic" under any applicable local, state, federal and/or foreign laws and regulations that govern the existence and/or remedy of contamination on property, the protection of the

environment from contamination, the control of hazardous wastes, or other activities involving hazardous substances, including building materials; or

(b) any petroleum products (other than crude oil or natural gas) or nuclear materials.

4.18 Valid Offering. Assuming the accuracy of the representations and warranties of the Purchaser contained in this Agreement, the offer, sale and issuance of the Securities will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

4.19 Full Disclosure. Each of the Company and each of its Subsidiaries has provided the Purchaser with all information requested by the Purchaser in connection with its decision to purchase the Note and Warrant, including all information the Company and its Subsidiaries believe is reasonably necessary to make such investment decision. Neither this Agreement, the Related Agreements, the exhibits and schedules hereto and thereto nor any other document delivered by the Company or any of its Subsidiaries to Purchaser or its attorneys or agents in connection herewith or therewith or with the transactions contemplated hereby or thereby, contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances in which they are made, not misleading. Any financial projections and other estimates provided to the Purchaser by the Company or any of its Subsidiaries were based on the Company's and its Subsidiaries' experience in the industry and on assumptions of fact and opinion as to future events which the Company or any of its Subsidiaries, at the date of the issuance of such projections or estimates, believed to be reasonable.

4.20 Insurance. Each of the Company and each of its Subsidiaries has general commercial, product liability, fire and casualty insurance policies with coverages which the Company believes are customary for companies similarly situated to the Company and its Subsidiaries in the same or similar business.

4.21 SEC Reports. Except as set forth on Schedule 4.21, the Company has filed all proxy statements, reports and other documents required to be filed by it under the Securities Exchange Act 1934, as amended (the "Exchange Act"). The Company has furnished the Purchaser or has made available on EDGAR copies of: (a) its Annual Reports on Form 10-KSB for its fiscal years ended December 31, 2005; and (b) its Quarterly Reports on Form 10-QSB for its fiscal quarter ended March 31, 2006 and June 30, 2006, and the Form 8-K filings which it has made during the fiscal year 2006 to date (collectively, the "SEC Reports"). Except as set forth on Schedule 4.21, each SEC Report was, at the time of its filing or as subsequently amended, in substantial compliance with the requirements of its respective form and none of the SEC Reports, nor the financial statements (and the notes thereto) included in the SEC Reports, as of their respective filing dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.22 Listing. The Company's Common Stock is listed or quoted, as applicable, on a Principal Market and satisfies and at all times hereafter will satisfy, all requirements for the continuation of such listing or quotation, as applicable. The Company has not received any notice that its Common Stock will be delisted from, or no longer quoted on, as applicable, the Principal Market or that its Common Stock does not meet all requirements for such listing or quotation, as applicable. For purposes hereof, the term "Principal Market" means the NASD Over The Counter Bulletin Board, NASDAQ Capital Market, NASDAQ National Markets System, American Stock Exchange or New York Stock Exchange (whichever of the foregoing is at the time the principal trading exchange or market for the Common Stock).

4.23 No Integrated Offering. Neither the Company, nor any of its Subsidiaries or affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any security or solicited any offers to buy any security under circumstances that would cause the offering of the Securities pursuant to this Agreement or any of the Related Agreements to be integrated with prior offerings by the Company for purposes of the Securities Act which would prevent the Company from selling the Securities pursuant to Rule 506 under the Securities Act, or any applicable exchange-related stockholder approval provisions, nor will the Company or any of its affiliates or Subsidiaries take any action or steps that would cause the offering of the Securities to be integrated with other offerings in such manner.

4.24 Stop Transfer. The Securities are restricted securities as of the date of this Agreement. Neither the Company nor any of its Subsidiaries will issue any stop transfer order or other order impeding the sale and delivery of any of the Securities at such time as the Securities are registered for public sale or an exemption from registration is available, except as required by state and federal securities laws.

4.25 Dilution. The Company specifically acknowledges that its obligation to issue the shares of Common Stock upon exercise of either or both of the Warrants is binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other shareholders of the Company.

4.26 Patriot Act. The Company certifies that, to the best of Company's knowledge, neither the Company nor any of its Subsidiaries has been designated, nor is or shall be owned or controlled, by a "suspected terrorist" as defined in Executive Order 13224. The Company hereby acknowledges that the Purchaser seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of those efforts, the Company hereby represents, warrants and covenants that: (a) none of the cash or property that the Company or any of its Subsidiaries will pay or will contribute to the Purchaser has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and (b) no contribution or payment by the Company or any of its Subsidiaries to the Purchaser, to the extent that they are within the Company's and/or its Subsidiaries' control shall cause the Purchaser to be in violation of the United States Bank Secrecy Act, the United States International Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001. The Company shall promptly notify the Purchaser if any of these representations, warranties or covenants ceases to be true and accurate regarding the Company or any of its Subsidiaries. The Company shall provide the

Purchaser all additional information regarding the Company or any of its Subsidiaries that the Purchaser deems necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar activities. The Company understands and agrees that if at any time it is discovered that any of the foregoing representations, warranties or covenants are incorrect, or if otherwise required by applicable law or regulation related to money laundering or similar activities, the Purchaser may undertake appropriate actions to ensure compliance with applicable law or regulation, including but not limited to segregation and/or redemption of the Purchaser's investment in the Company. The Company further understands that the Purchaser may release confidential information about the Company and its Subsidiaries and, if applicable, any underlying beneficial owners, to proper authorities if the Purchaser, in its sole discretion, determines that it is in the best interests of the Purchaser in light of relevant rules and regulations under the laws set forth in subsection (b) above.

4.27 ERISA. Based upon the Employee Retirement Income Security Act of 1974 ("ERISA"), and the regulations and published interpretations thereunder: (a) neither the Company nor any of its Subsidiaries has engaged in any Prohibited Transactions (as defined in Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code")); (b) each of the Company and each of its Subsidiaries has met all applicable minimum funding requirements under Section 302 of ERISA in respect of its plans; (c) neither the Company nor any of its Subsidiaries has any knowledge of any event or occurrence which would cause the Pension Benefit Guaranty Corporation to institute proceedings under Title IV of ERISA to terminate any employee benefit plan(s); (d) neither the Company nor any of its Subsidiaries has any fiduciary responsibility for investments with respect to any plan existing for the benefit of persons other than the Company's or such Subsidiary's employees; and (e) neither the Company nor any of its Subsidiaries has withdrawn, completely or partially, from any multi-employer pension plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980.

5. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company as follows (such representations and warranties do not lessen or obviate the representations and warranties of the Company set forth in this Agreement):

5.1 No Shorting. The Purchaser or any of its affiliates and investment partners has not, will not and will not cause any person or entity, to directly engage in "short sales" of the Company's Common Stock as long as the Note shall be outstanding.

5.2 Requisite Power and Authority. The Purchaser has all necessary power and authority under all applicable provisions of law to execute and deliver this Agreement and the Related Agreements and to carry out their provisions. All corporate action on the Purchaser's part required for the lawful execution and delivery of this Agreement and the Related Agreements have been or will be effectively taken prior to the Closing. Upon their execution and delivery, this Agreement and the Related Agreements will be valid and binding obligations of the Purchaser, enforceable in accordance with their terms, except:

(a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights; and

(b) as limited by general principles of equity that restrict the availability of equitable and legal remedies.

5.3 Investment Representations. The Purchaser understands that the Securities are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon the Purchaser's representations contained in this Agreement, including, without limitation, that the Purchaser is an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The Purchaser confirms that it has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the Note and the Warrant to be purchased by it under this Agreement and the Warrant Shares acquired by it upon the exercise of the Warrant, respectively. The Purchaser further confirms that it has had an opportunity to ask questions and receive answers from the Company regarding the Company's and its Subsidiaries' business, management and financial affairs and the terms and conditions of the Offering, the Note, the Warrant and the Securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to the Purchaser or to which the Purchaser had access.

5.4 The Purchaser Bears Economic Risk. The Purchaser has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests. The Purchaser must bear the economic risk of this investment until the Securities are sold pursuant to: (i) an effective registration statement under the Securities Act; or (ii) an exemption from registration is available with respect to such sale.

5.5 Acquisition for Own Account. The Purchaser is acquiring the Note and Warrants and the Warrant Shares for the Purchaser's own account for investment only, and not as a nominee or agent and not with a view towards or for resale in connection with their distribution.

5.6 The Purchaser Can Protect Its Interest. The Purchaser represents that by reason of its, or of its management's, business and financial experience, the Purchaser has the capacity to evaluate the merits and risks of its investment in the Note, the Warrants and the Securities and to protect its own interests in connection with the transactions contemplated in this Agreement and the Related Agreements. Further, the Purchaser is aware of no publication of any advertisement in connection with the transactions contemplated in the Agreement or the Related Agreements, and the Purchaser is not purchasing the Note due to any general solicitation made by the Company.

5.7 Accredited Investor. The Purchaser represents that it is an accredited investor within the meaning of Regulation D under the Securities Act.

5.8 Legends.

(a) The Warrant Shares, if not issued by DWAC system (as hereinafter defined), shall bear a legend which shall be in substantially the following form until such shares are covered by an effective registration statement filed with the SEC:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SHARES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO BLAST ENERGY SERVICES, INC. THAT SUCH REGISTRATION IS NOT REQUIRED."

(b) Each Warrant shall bear substantially the following legend:

"THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS. THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT OR THE UNDERLYING SHARES OF COMMON STOCK UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO BLAST ENERGY SERVICES, INC. THAT SUCH REGISTRATION IS NOT REQUIRED."

6. Covenants of the Company. The Company covenants and agrees with the Purchaser as follows:

6.1 Stop-Orders. The Company will advise the Purchaser, promptly after it receives notice of issuance by the SEC, any state securities commission or any other regulatory authority of any stop order or of any order preventing or suspending any offering of any securities of the Company, or of the suspension of the qualification of the Common Stock of the Company for offering or sale in any jurisdiction, or the initiation of any proceeding for any such purpose.

6.2 Listing. The Company shall promptly secure the listing or quotation, as applicable, of the shares of Common Stock issuable upon exercise of either Warrant on the Principal Market upon which shares of Common Stock are listed or quoted for trading, as applicable (subject to official notice of issuance) and shall maintain such listing or quotation, as applicable, so long as any other shares of Common Stock shall be so listed or quoted, as applicable. The Company will maintain the listing or quotation, as applicable, of its Common Stock on the Principal Market, and will comply in all material respects with the Company's reporting, filing and other obligations under the bylaws or rules of the National Association of Securities Dealers ("NASD") and such exchanges, as applicable.

6.3 Market Regulations. The Company shall notify the SEC, NASD and applicable state authorities, in accordance with their requirements, of the transactions contemplated by this Agreement, and shall take all other necessary action and proceedings as may be required and permitted by applicable law, rule and regulation, for the legal and valid issuance of the Securities to the Purchaser and promptly provide copies thereof to the Purchaser.

6.4 Reporting Requirements. The Company will deliver, or cause to be delivered, to the Purchaser each of the following, which shall be in form and detail acceptable to the Purchaser:

(a) As soon as available, and in any event within ninety (90) days after the end of each fiscal year of the Company, each of the Company's and each of its Subsidiaries' audited financial statements with a report of independent certified public accountants of recognized standing selected by the Company and acceptable to the Purchaser (the "Accountants"), which annual financial statements shall be without qualification and shall include each of the Company's and each of its Subsidiaries' balance sheet as at the end of such fiscal year and the related statements of each of the Company's and each of its Subsidiaries' income, retained earnings and cash flows for the fiscal year then ended, prepared on a consolidating and consolidated basis to include the Company, each Subsidiary of the Company and each of their respective affiliates, all in reasonable detail and prepared in accordance with GAAP, together with (i) if and when available, copies of any management letters prepared by the Accountants; and (ii) a certificate of the Company's President, Chief Executive Officer or Chief Financial Officer stating whether or not such officer has knowledge of the occurrence of any Event of Default (as defined in the Note) and, if so, stating in reasonable detail the facts with respect thereto;

(b) As soon as available and in any event within forty five (45) days after the end of each fiscal quarter of the Company, an unaudited/internal balance sheet and statements of income, retained earnings and cash flows of the Company and each of its Subsidiaries as at the end of and for such quarter and for the year to date period then ended, prepared on a consolidating and consolidated basis to include all the Company, each Subsidiary of the Company and each of their respective affiliates, in reasonable detail and stating in comparative form the figures for the corresponding date and periods in the previous year, all prepared in accordance with GAAP, subject to year-end adjustments and accompanied by a certificate of the Company's President, Chief

Executive Officer or Chief Financial Officer, stating (i) that such financial statements have been prepared in accordance with GAAP, subject to year-end audit adjustments, and (ii) whether or not such officer has knowledge of the occurrence of any Event of Default (as defined in the Note) not theretofore reported and remedied and, if so, stating in reasonable detail the facts with respect thereto;

(c) As soon as available and in any event within fifteen (15) days after the end of each calendar month, an unaudited/internal statement of cash flows of each of the Company and its Subsidiaries as at the end of and for such month and for the year to date period then ended, prepared on a consolidating and consolidated basis to include the Company, each Subsidiary of the Company and each of their respective affiliates, in reasonable detail and stating in comparative form the figures for the corresponding date and periods in the previous year and accompanied by a certificate of the Company's President, Chief Executive Officer or Chief Financial Officer, stating (i) that such statement of cash flows have been prepared diligently and (ii) whether or not such officer has knowledge of the occurrence of any Event of Default (as defined in the Note) not theretofore reported and remedied and, if so, stating in reasonable detail the facts with respect thereto;

(d) The Company shall timely file with the SEC all reports required to be filed pursuant to the Exchange Act and refrain from terminating its status as an issuer required by the Exchange Act to file reports thereunder even if the Exchange Act or the rules or regulations thereunder would permit such termination. Promptly after (i) the filing thereof, copies of the Company's most recent registration statements and annual, quarterly, monthly or other regular reports which the Company files with the SEC, and (ii) the issuance thereof, copies of such financial statements, reports and proxy statements as the Company shall send to its stockholders; and

(e) The Company shall deliver, or cause the applicable Subsidiary of the Company to deliver, such other information as the Purchaser shall reasonably request.

6.5 Use of Funds. The Company shall use the proceeds of the sale of the Note and the Warrants only (a) to acquire 100% of the membership interests of Eagle Domestic Drilling Operations LLC pursuant to such documentation as shall be acceptable to the Purchaser and (b) for general working capital purposes only, or such other matters as approved by the Purchaser in writing.

6.6 Access to Facilities. Each of the Company and each of its Subsidiaries will permit any representatives designated by the Purchaser (or any successor of the Purchaser), upon reasonable notice and during normal business hours, at such person's expense and accompanied by a representative of the Company or any Subsidiary (provided that no such prior notice shall be required to be given and no such representative of the Company or any Subsidiary shall be required to accompany the Purchaser in the event the Purchaser believes such access is necessary to preserve or protect the Collateral (as defined in each of the Master Security Agreement, the IP Security Agreement, the Pledge Agreement and each other security agreement entered into by the Company and/or any of its Subsidiaries for the benefit of the Purchaser)

(hereinafter, the "Collateral") or following the occurrence and during the continuance of an Event of Default (as defined in the Note)), to:

(a) visit and inspect any of the properties of the Company or any of its Subsidiaries;

(b) examine the corporate and financial records of the Company or any of its Subsidiaries (unless such examination is not permitted by federal, state or local law or by contract) and make copies thereof or extracts therefrom; and

(c) discuss the affairs, finances and accounts of the Company or any of its Subsidiaries with the directors, officers and independent accountants of the Company or any of its Subsidiaries.

Notwithstanding the foregoing, neither the Company nor any of its Subsidiaries will provide any material, non-public information to the Purchaser unless the Purchaser signs a confidentiality agreement and otherwise complies with Regulation FD, under the federal securities laws.

6.7 Taxes. Each of the Company and each of its Subsidiaries will promptly pay and discharge, or cause to be paid and discharged, when due and payable, all taxes, assessments and governmental charges or levies imposed upon the income, profits, property or business of the Company and its Subsidiaries; provided, however, that any such tax, assessment, charge or levy need not be paid currently if (i) the validity thereof shall currently and diligently be contested in good faith by appropriate proceedings, (ii) such tax, assessment, charge or levy shall have no effect on the lien priority of the Purchaser in any property of the Company or any of its Subsidiaries and (iii) if the Company and/or such Subsidiary shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP; and provided, further, that the Company and its Subsidiaries will pay all such taxes, assessments, charges or levies forthwith upon the commencement of proceedings to foreclose any lien which may have attached as security therefor.

6.8 Insurance. (a) The Company shall bear the full risk of loss from any loss of any nature whatsoever with respect to the Collateral and the Company, and each of its Subsidiaries, will jointly and severally bear the full risk of loss from any loss of any nature whatsoever with respect to the assets pledged to the Purchaser as security for their respective Obligations (as defined in the Master Security Agreement, the Pledge Agreement and the IP Security Agreement). Furthermore, the Company and each Subsidiary will insure or cause the Collateral to be insured in the Purchaser's name as an additional insured and lender loss payee, with an appropriate lender's loss payable endorsements in form and substance satisfactory to the Purchaser, against loss or damage by fire, flood, theft, burglary, pilferage, loss in transit and other risks customarily insured against by companies in similar business similarly situated as the Company and its Subsidiaries including but not limited to product liability, and such other hazards as the Purchaser shall reasonably specify in amounts and under insurance policies and bonds by insurers reasonably acceptable to the Purchaser and all premiums thereon shall be paid by the Company and the Subsidiaries, as applicable, and the policies delivered to the Purchaser. If the Company or any of its Subsidiaries fails to obtain the insurance and in such amounts of

coverage as otherwise required pursuant to this Section 6.8, the Purchaser may procure such insurance and the costs thereof shall be promptly reimbursed by the Company and shall constitute Obligations (as defined in the Master Security Agreement, the Pledge Agreement and the IP Security Agreement).

(i) The Company's insurance coverage shall not be impaired or invalidated by any act or neglect of the Company or any of its Subsidiaries and the insurer will provide the Purchaser with no less than thirty (30) days notice prior of cancellation;

(ii) The Purchaser, in connection with its status as a lender loss payee, will be assigned at all times to a first lien position until such time as all the Purchaser's Obligations (as defined in the Master Security Agreement, the Pledge Agreement and the IP Security Agreement) have been indefeasibly satisfied in full, except in the case of worker's compensation insurance with respect to which the Purchaser shall be named as loss payee only to the extent permitted under the terms of the policy.

6.9 Intellectual Property. Each of the Company and each of its Subsidiaries shall maintain in full force and effect its existence, rights and franchises and all licenses and other rights to use Intellectual Property owned or possessed by it and reasonably deemed to be necessary to the conduct of its business.

6.10 Properties. Each of the Company and each of its Subsidiaries will keep its properties, including, without limitation, the Rig Collateral (as defined in the Master Security Agreement), in good repair, working order and condition, protecting the same from deterioration, reasonable wear and tear excepted, and from time to time make all needful and proper repairs, renewals, replacements, additions and improvements thereto; and each of the Company and each of its Subsidiaries will at all times comply with each provision of all leases to which it is a party or under which it occupies property if the breach of such provision could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.11 Confidentiality. The Company will not, and will not permit any of its Subsidiaries to, disclose, and will not include in any public announcement, the name of the Purchaser, unless expressly agreed to by the Purchaser or unless and until such disclosure is required by law or applicable regulation, and then only to the extent of such requirement. Notwithstanding the foregoing, the Company may disclose the Purchaser's identity and the terms of this Agreement to its current and prospective debt and equity financing sources.

6.12 Required Approvals. (I) For so long as twenty-five percent (25%) of the principal amount of the Note is outstanding, the Company, without the prior written consent of the Purchaser, shall not, and shall not permit any of its Subsidiaries to:

(a) (i) directly or indirectly declare or pay any dividends, other than dividends paid to the Company or any of its wholly-owned Subsidiaries, (ii) issue any preferred stock that is manditorily redeemable prior to the one year anniversary of the Maturity Date (as defined in the Note) or (iii) redeem any of its preferred stock or other equity interests;

(b) liquidate, dissolve or effect a material reorganization (it being understood that in no event shall the Company or any of its Subsidiaries dissolve, liquidate or merge with any other person or entity (unless, in the case of such a merger, the Company or, in the case of merger not involving the Company, such Subsidiary, as applicable, is the surviving entity);

(c) become subject to (including, without limitation, by way of amendment to or modification of) any agreement or instrument which by its terms would (under any circumstances) restrict the Company's or any of its Subsidiaries, right to perform the provisions of this Agreement, any Related Agreement or any of the agreements contemplated hereby or thereby;

(d) materially alter or change the scope of the business of the Company and its Subsidiaries taken as a whole; or

(e) (i) create, incur, assume or suffer to exist any indebtedness (exclusive of trade debt and debt incurred to finance the purchase of equipment (not in excess of five percent (5%) of the fair market value of the Company's and its Subsidiaries' assets)) whether secured or unsecured other than (x) the Company's obligations owed to the Purchaser, (y) indebtedness set forth on Schedule 6.12(e) attached hereto and made a part hereof and any refinancings or replacements thereof on terms no less favorable to the Purchaser than the indebtedness being refinanced or replaced, and (z) any indebtedness incurred in connection with the purchase of assets (other than equipment) in the ordinary course of business, or any refinancings or replacements thereof on terms no less favorable to the Purchaser than the indebtedness being refinanced or replaced, so long as any lien relating thereto shall only encumber the fixed assets so purchased and no other assets of the Company or any of its Subsidiaries; (ii) cancel any indebtedness owing to it in excess of $50,000 in the aggregate during any 12 month period; (iii) assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligations of any other person or entity, except the endorsement of negotiable instruments by the Company or any Subsidiary thereof for deposit or collection or similar transactions in the ordinary course of business or guarantees of indebtedness otherwise permitted to be outstanding pursuant to this clause (e); and

(II) The Company, without the prior written consent of the Purchaser, shall not, and shall not permit any of its Subsidiaries to, create or acquire any Subsidiary after the date hereof unless (i) such Subsidiary is a wholly-owned Subsidiary of the Company and (ii) such Subsidiary becomes a party to the Master Security Agreement, the IP Security Agreement, the Pledge Agreement and the Subsidiary Guaranty (either by executing a counterpart thereof or an assumption or joinder agreement in respect thereof) and, to the extent required by the Purchaser, satisfies each condition of this Agreement and the Related Agreements as if such Subsidiary were a Subsidiary on the Closing Date.

6.13 Reissuance of Securities. The Company agrees to reissue certificates representing the Securities without the legends set forth in Section 5.8 above at such time as:

(a) the holder thereof is permitted to dispose of such Securities pursuant to Rule 144(k) under the Securities Act; or

(b) upon resale subject to an effective registration statement after such Securities are registered under the Securities Act.

The Company agrees to cooperate with the Purchaser in connection with all resales pursuant to Rule 144(d) and Rule 144(k) and provide legal opinions necessary to allow such resales provided the Company and its counsel receive reasonably requested representations from the Purchaser and broker, if any.

6.14 Opinion. On the Closing Date, the Company will deliver to the Purchaser an opinion acceptable to the Purchaser from the Company's external legal counsel. The Company will provide, at the Company's expense, such other legal opinions in the future as are deemed reasonably necessary by the Purchaser (and acceptable to the Purchaser) in connection with the exercise of the Warrants.

6.15 Margin Stock. The Company will not permit any of the proceeds of the Note or either of the Warrants to be used directly or indirectly to "purchase" or "carry" "margin stock" or to repay indebtedness incurred to "purchase" or "carry" "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect.

6.16 FIRPTA. Neither the Company, nor any of its Subsidiaries, is a "United States real property holding corporation" as such term is defined in Section 897(c)(2) of the Code and Treasury Regulation Section 1.897-2 promulgated thereunder and neither the Company nor any of its Subsidiaries shall at any time take any action or otherwise acquire any interest in any asset or property to the extent the effect of which shall cause the Company and/or such Subsidiary, as the case may be, to be a "United States real property holding corporation" as such term is defined in Section 897(c)(2) of the Code and Treasury Regulation Section 1.897-2 promulgated thereunder.

6.17 Intentionally Omitted.

6.18 Authorization and Reservation of Shares. The Company shall at all times have authorized and reserved a sufficient number of shares of Common Stock to provide for the exercise of each of the Warrants.

6.19 Compliance with Laws. The Rig Collateral (as defined in the Master Security Agreement) will not be maintained, used or operated in violation of an law or any rule, regulation or order of any applicable local, state, federal and/or foreign laws and regulations that govern the existence and/or use of the Rig Collateral.

6.20 Intentionally Omitted.

6.21 Intentionally Omitted.

7. Covenants of the Purchaser. The Purchaser covenants and agrees with the Company as follows:

7.1 Confidentiality. The Purchaser will not disclose, and will not include in any public announcement, the name of the Company, unless expressly agreed to by the Company or unless and until such disclosure is required by law or applicable regulation, and then only to the extent of such requirement.

7.2 Non-Public Information. The Purchaser will not effect any sales in the shares of the Company's Common Stock while in possession of material, non-public information regarding the Company if such sales would violate applicable securities law.

7.3 Limitation on Acquisition of Common Stock of the Company. Notwithstanding anything to the contrary contained in this Agreement, any Related Agreement or any document, instrument or agreement entered into in connection with any other transactions between the Purchaser and the Company, the Purchaser may not acquire stock in the Company (including, without limitation, pursuant to a contract to purchase, by exercising an option or warrant, by converting any other security or instrument, by acquiring or exercising any other right to acquire, shares of stock or other security convertible into shares of stock in the Company, or otherwise, and such contracts, options, warrants, conversion or other rights shall not be enforceable or exercisable) to the extent such stock acquisition would cause any interest (including any original issue discount) payable by the Company to the Purchaser not to qualify as "portfolio interest" within the meaning of Section 881(c)(2) of the Code, by reason of Section 881(c)(3) of the Code, taking into account the constructive ownership rules under Section 871(h)(3)(C) of the Code (the "Stock Acquisition Limitation"). The Stock Acquisition Limitation shall automatically become null and void without any notice to the Company upon the earlier to occur of either (a) the Company's delivery to the Purchaser of a Notice of Redemption (as defined in the Note) or (b) the existence of an Event of Default (as defined in the Note) at a time when the average closing price of the Company's common stock as reported by Bloomberg, L.P. on the Principal Market for the immediately preceding five (5) trading days is greater than or equal to 150% of the Exercise Price (as defined in each Warrant).

8. Covenants of the Company and the Purchaser Regarding Indemnification.

8.1 Company Indemnification. The Company agrees to indemnify, hold harmless, reimburse and defend the Purchaser, each of the Purchaser's officers, directors, agents, affiliates, control persons, and principal shareholders, against all claims, costs, expenses, liabilities, obligations, losses or damages (including reasonable legal fees) of any nature, incurred by or imposed upon the Purchaser which result, arise out of or are based upon: (a) any misrepresentation by the Company or any of its Subsidiaries or breach of any representation or warranty by the Company or any of its Subsidiaries in this Agreement, any other Related Agreement or in any exhibits or schedules attached hereto or thereto; or (b) any breach or default in performance by Company or any of its Subsidiaries of any covenant or undertaking to be performed by Company or any of its Subsidiaries hereunder, under any other Related Agreement or any other agreement entered into by the Company and/or any of its Subsidiaries and the Purchaser relating hereto or thereto.

8.2 Purchaser's Indemnification. The Purchaser agrees to indemnify, hold harmless, reimburse and defend the Company and each of the Company's officers, directors, agents, affiliates, control persons and principal shareholders, at all times against any claims, costs, expenses, liabilities, obligations, losses or damages (including reasonable legal fees) of any nature, incurred by or imposed upon the Company which result, arise out of or are based upon: (a) any misrepresentation by the Purchaser or breach of any representation or warranty by the Purchaser in this Agreement or in any exhibits or schedules attached hereto or any Related Agreement; or (b) any breach or default in performance by the Purchaser of any covenant or undertaking to be performed by the Purchaser hereunder, or any other agreement entered into by the Company and the Purchaser relating hereto.

9. Exercise of the Warrant.

9.1 Mechanics of Exercise.

(a) Provided the Purchaser has notified the Company of the Purchaser's intention to sell the Warrant Shares and the Warrant Shares are included in an effective registration statement or are otherwise exempt from registration when sold: (i) upon the exercise of the Warrant or part thereof, the Company shall, at its own cost and expense, take all necessary action (including the issuance of an opinion of counsel reasonably acceptable to the Purchaser following a request by the Purchaser) to assure that the Company's transfer agent shall issue shares of the Company's Common Stock in the name of the Purchaser (or its nominee) or such other persons as designated by the Purchaser in accordance with Section 9.1(b) hereof and in such denominations to be specified representing the number of Warrant Shares issuable upon such exercise; and (ii) the Company warrants that no instructions other than these instructions have been or will be given to the transfer agent of the Company's Common Stock and that after the Effectiveness Date (as defined in the Registration Rights Agreement) the Warrant Shares issued will be freely transferable subject to the prospectus delivery requirements of the Securities Act and the provisions of this Agreement, and will not contain a legend restricting the resale or transferability of the Warrant Shares.

(b) The Purchaser will give notice of its decision to exercise its right to exercise each or both of the Warrants or part thereof by telecopying or otherwise delivering an executed and completed notice of the number of shares to be subscribed to the Company (the "Form of Subscription"). The Purchaser will not be required to surrender any Warrant until the Purchaser receives a credit to the account of the Purchaser's prime broker through the DWAC system, representing the Warrant Shares or until the applicable Warrant has been fully exercised. Each date on which a Form of Subscription is telecopied or delivered to the Company in accordance with the provisions hereof shall be deemed a "Exercise Date." Pursuant to the terms of the Form of Subscription, the Company will issue instructions to the transfer agent accompanied by an opinion of counsel, if required by such transfer agent, within two (2) business days of the date of the delivery to the Company of the Form of Subscription and shall cause the transfer agent to transmit the certificates representing the Warrant Shares set forth in the applicable Form of Subscription to the Holder by crediting the account of the Purchaser's

prime broker with the Depository Trust Company ("DTC") through its Deposit Withdrawal Agent Commission ("DWAC") system within three (3) business days after receipt by the Company of the Form of Subscription (the "Delivery Date").

(c) The Company understands that a delay in the delivery of the Warrant Shares in the form required pursuant to Section 9 hereof beyond the Delivery Date could result in economic loss to the Purchaser. In the event that the Company fails to direct its transfer agent to deliver the Warrant Shares to the Purchaser via the DWAC system within the time frame set forth in Section 9.1(b) above and the Warrant Shares are not delivered to the Purchaser by the Delivery Date, as compensation to the Purchaser for such loss, the Company agrees to pay late payments to the Purchaser for late issuance of the Warrant Shares in the form required pursuant to Section 9 hereof upon exercise of the Warrant in the amount equal to the greater of: (i) $500 per business day after the Delivery Date; or (ii) the Purchaser's actual damages from such delayed delivery. The Company shall pay any payments incurred under this Section in immediately available funds upon demand and, in the case of actual damages, accompanied by reasonable documentation of the amount of such damages. Such documentation shall show the number of shares of Common Stock the Purchaser is forced to purchase (in an open market transaction) which the Purchaser anticipated receiving upon such exercise, and shall be calculated as the amount by which (A) the Purchaser's total purchase price (including customary brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (B) the aggregate amount the Exercise Price for the applicable Warrant, as the case may be, for which such Form of Subscription was not timely honored.

10. Registration Rights.

10.1 Registration Rights Granted. The Company hereby grants registration rights to the Purchaser pursuant to the Registration Rights Agreement.

10.2 Offering Restrictions. Except as previously disclosed in the SEC Reports or in the Exchange Act Filings, or stock or stock options granted to employees or directors of the Company (these exceptions hereinafter referred to as the "Excepted Issuances"), or as set forth on Schedule 10.2 hereto, neither the Company nor any of its Subsidiaries will, prior to the full repayment of the Note (together with all accrued and unpaid interest and fees related thereto) (x) enter into any equity line of credit agreement or similar agreement or (y) issue, or enter into any agreement to issue, any securities with a variable/floating conversion and/or pricing feature which are or could be (by conversion or registration) free-trading securities (i.e. common stock subject to a registration statement).

11. Miscellaneous.

11.1 Governing Law, Jurisdiction and Waiver of Jury Trial.

(a) THIS AGREEMENT AND THE OTHER RELATED AGREEMENTS SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE

TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

(b) THE COMPANY HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE COMPANY, ON THE ONE HAND, AND THE PURCHASER, ON THE OTHER HAND, PERTAINING TO THIS AGREEMENT OR ANY OF THE RELATED AGREEMENTS OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OF THE OTHER RELATED AGREEMENTS; PROVIDED, THAT THE PURCHASER AND THE COMPANY ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK, STATE OF NEW YORK; AND FURTHER PROVIDED, THAT, NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE PURCHASER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS (AS DEFINED IN THE MASTER SECURITY AGREEMENT, THE PLEDGE AGREEMENT AND THE IP SECURITY AGREEMENT), TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS (AS DEFINED IN THE MASTER SECURITY AGREEMENT, THE PLEDGE AGREEMENT AND THE IP SECURITY AGREEMENT), OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE PURCHASER. THE COMPANY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND THE COMPANY HEREBY WAIVES ANY OBJECTION THAT IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. THE COMPANY HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE COMPANY AT THE ADDRESS SET FORTH IN SECTION 11.9 AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF THE COMPANY'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID.

(c) THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PURCHASER AND/OR THE COMPANY ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT,

ANY OTHER RELATED AGREEMENT OR THE TRANSACTIONS RELATED HERETO OR THERETO.

11.2 Severability. Wherever possible each provision of this Agreement and the Related Agreements shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or any Related Agreement shall be prohibited by or invalid or illegal under applicable law such provision shall be ineffective to the extent of such prohibition or invalidity or illegality, without invalidating the remainder of such provision or the remaining provisions thereof which shall not in any way be affected or impaired thereby.

11.3 Survival. The representations, warranties, covenants and agreements made herein shall survive any investigation made by the Purchaser and the closing of the transactions contemplated hereby to the extent provided therein. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument. All indemnities set forth herein shall survive the execution, delivery and termination of this Agreement and the Note and the making and repayment of the obligations arising hereunder, under the Note and under the other Related Agreements.

11.4 Successors. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, heirs, executors and administrators of the parties hereto and shall inure to the benefit of and be enforceable by each person or entity which shall be a holder of the Securities from time to time, other than the holders of Common Stock which has been sold by the Purchaser pursuant to Rule 144 or an effective registration statement. The Purchaser shall not be permitted to assign its rights hereunder or under any Related Agreement to a competitor of the Company unless an Event of Default (as defined in the Note) has occurred and is continuing.

11.5 Entire Agreement; Maximum Interest. This Agreement, the Related Agreements, the exhibits and schedules hereto and thereto and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein. Nothing contained in this Agreement, any Related Agreement or in any document referred to herein or delivered in connection herewith shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum rate permitted by applicable law. In the event that the rate of interest or dividends required to be paid or other charges hereunder exceed the maximum rate permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Purchaser and thus refunded to the Company.

11.6 Amendment and Waiver.

(a) This Agreement may be amended or modified only upon the written consent of the Company and the Purchaser.

(b) The obligations of the Company and the rights of the Purchaser under this Agreement may be waived only with the written consent of the Purchaser.

(c) The obligations of the Purchaser and the rights of the Company under this Agreement may be waived only with the written consent of the Company.

11.7 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement or the Related Agreements, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. All remedies, either under this Agreement or the Related Agreements, by law or otherwise afforded to any party, shall be cumulative and not alternative.

11.8 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given:

(a) upon personal delivery to the party to be notified;

(b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day;

(c) three (3) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or

(d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt.

All communications shall be sent as follows:

If to the Company, to:

Blast Energy Services, Inc.
14550 Torrey Chase Boulevard
Suite 330
Houston, Texas 77014
Attention: Chief Financial Officer
Facsimile: 281-453-2899

with a copy to:
Adams and Reese LLP
4400 One Houston Center
1221 McKinney
Houston, Texas 77010
Facsimile: (713) 308-4042
Attention: Michael T. Larkin

If to the Purchaser, to:

Laurus Master Fund, Ltd.
c/o M&C Corporate Services Limited
P.O. Box 309 GT
Ugland House
George Town
South Church Street
Grand Cayman, Cayman Islands
Facsimile: 345-949-8080

with a copy to:
John E. Tucker, Esq.
825 Third Avenue 14th Floor
New York, NY 10022
Facsimile: 212-541-4434

with a copy to:
Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154
Attention: Scott J. Giordano, Esq.
Facsimile: 212-407-4990

or at such other address as the Company or the Purchaser may designate by written notice to the other parties hereto given in accordance herewith.

11.9 Attorneys' Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement or any Related Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement and/or such Related Agreement, including, without limitation, such reasonable and customary fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

11.10 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

11.11 Facsimile Signatures; Counterparts. This Agreement may be executed by facsimile signatures and in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

11.12 Broker's Fees. Except as set forth on Schedule 11.12 hereof, each party hereto represents and warrants that no agent, broker, investment banker, person or firm acting on behalf of or under the authority of such party hereto is or will be entitled to any broker's or

finder's fee or any other commission directly or indirectly in connection with the transactions contemplated herein. Each party hereto further agrees to indemnify each other party for any claims, losses or expenses incurred by such other party as a result of the representation in this Section 11.12 being untrue.

11.13 Construction. Each party acknowledges that its legal counsel participated in the preparation of this Agreement and the Related Agreements and, therefore, stipulates that the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of this Agreement or any Related Agreement to favor any party against the other.

11.14 Grant of Irrevocable Proxy.

For good and valuable consideration, receipt of which is hereby acknowledged, Purchaser hereby appoints Company (the "Proxy Holder"), with a mailing address set forth in Section 11.8, with full power of substitution, as proxy, to vote all shares of Common Stock of the Company, now or in the future owned by Purchaser, but only to the extent issuable upon exercise of the Par Value Warrant and all other warrants and/or options issued by the Company in favor of the Purchaser with an exercise price equal to the par value of the Company's Common Stock (collectively, the "Shares").

This proxy is irrevocable and coupled with an interest. Upon the sale or other transfer of the Shares, in whole or in part, this proxy shall automatically terminate with respect to such sold or transferred Shares at the time of such sale and/or transfer without any further action required by any Person.

Purchaser shall use its best efforts to forward to Proxy Holder within two (2) business days following Purchaser's receipt thereof, at the address for Proxy Holder set forth in Section 11.8, copies of all materials received by Purchaser relating, in each case, to the solicitation of the vote of shareholders of the Company.

This proxy shall remain in effect with respect to the Shares of the Company during the period commencing on the date hereof and continuing until the earlier of (a) payment in full of all obligations and liabilities owing by the Company to Purchaser (as the same may be amended, restated, extended or modified from time to time) and (b) the occurrence and continuance of a default or event of default under any document, instrument or agreement between any Company and, or made by any Company in favor of, Purchaser.

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IN WITNESS WHEREOF, the parties hereto have executed the SECURITIES PURCHASE AGREEMENT as of the date set forth in the first paragraph hereof.

COMPANY:	PURCHASER:
BLAST ENERGY SERVICES, INC.	LAURUS MASTER FUND, LTD.
By: /s/ John O'Keefe	By: /s/ Laurus Master Fund, LTD
Name: John O'Keefe	Name:
Title: EVP, CFO & Co-CEO	Title:

EXHIBIT A

FORM OF SECURED TERM NOTE

EXHIBIT B

FORM OF PAR VALUE WARRANT

EXHIBIT C

FORM OF Additional Warrant

EXHIBIT D

FORM OF OPINION

(e) The Company and each of its Subsidiaries is a corporation duly formed, validly existing and in good standing under the laws of the jurisdiction of its formation and has all requisite corporate and limited liability company power and authority to own, operate and lease its properties and to carry on its business as it is now being conducted.

(f) Each of the Company and each of its Subsidiaries has the requisite corporate and limited liability company power and authority to execute, deliver and perform its obligations under the Agreement and the Related Agreements. All corporate and limited liability company action on the part of the Company and each of its Subsidiaries and its officers, directors and stockholders and members necessary has been taken for: (i) the authorization of the Agreement and the Related Agreements and the performance of all obligations of the Company and each of its Subsidiaries thereunder; and (ii) the authorization, sale, issuance and delivery of the Securities pursuant to the Agreement and the Related Agreements. The Warrant Shares, when issued pursuant to and in accordance with the terms of the Agreement and the Related Agreements and upon delivery shall be validly issued and outstanding, fully paid and non assessable.

(g) The execution, delivery and performance by each of the Company and each of its Subsidiaries of the Agreement and the Related Agreements (to which it is a party) and the consummation of the transactions on its part contemplated by any thereof, will not, with or without the giving of notice or the passage of time or both:

(a) Violate the provisions of their respective Charter, bylaws or operating agreement; or

(b) Violate any judgment, decree, order or award of any court binding upon the Company or any of its Subsidiaries; or

(c) Violate any New York, California, Texas, Louisiana, Arkansas, Oklahoma or federal law.

(h) The Agreement and the Related Agreements will constitute, valid and legally binding obligations of each of the Company and each of its Subsidiaries (to the extent such entity is a party thereto), and are enforceable against each of the Company and each of its Subsidiaries party thereto in accordance with their respective terms, except:

(a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights; and

(b) general principles of equity that restrict the availability of equitable or legal remedies.

(i) To such counsel's knowledge, the sale of the Note is not subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with. To such counsel's knowledge, the sale of either or both of the Warrants and the subsequent exercise of each such Warrant for Warrant Shares are not subject to any preemptive rights or, to such counsel's knowledge, rights of first refusal that have not been properly waived or complied with.

(j) Assuming the accuracy of the representations and warranties of the Purchaser contained in the Agreement, the offer, sale and issuance of the Securities on the Closing Date will be exempt from the registration requirements of the Securities Act. To such counsel's knowledge, neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any security or solicited any offers to buy and security under circumstances that would cause the offering of the Securities pursuant to the Agreement or any Related Agreement to be integrated with prior offerings by the Company for purposes of the Securities Act which would prevent the Company from selling the Securities pursuant to Rule 506 under the Securities Act, or any applicable exchange-related stockholder approval provisions.

(k) There is no action, suit, proceeding or investigation pending or, to such counsel's knowledge, currently threatened against the Company or any of its Subsidiaries that prevents the right of the Company or any of its Subsidiaries to enter into this Agreement or any Related Agreement, or to consummate the transactions contemplated thereby. To such counsel's knowledge, the Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality; nor is there any action, suit, proceeding or investigation by the Company currently pending or which the Company intends to initiate.

(l) The terms and provisions of the Master Security Agreement, the IP Security Agreement and the Pledge Agreement create a valid security interest in favor of the Purchaser, in the respective rights, title and interests of the Company and its Subsidiaries in and to the Collateral (as defined in each of the Master Security Agreement, the Pledge Agreement and the IP Security Agreement). Each UCC-1 Financing Statement naming the Company or any Subsidiary thereof as debtor and the Purchaser as secured party are in proper form for filing (the "UCC-1 Financing Statements") and assuming that such UCC-1 Financing Statements have been filed with the Secretary of State of _____, the security interest created under the Master Security Agreement will constitute a perfected security interest under the Uniform Commercial Code in favor of the Purchaser in respect of the Collateral that can be perfected by filing a financing statement. A security interest in the Rig Collateral (as defined in the Master Security Agreement) will be perfected by the filing of each UCC-1 Financing Statement with the Secretary of State of _____. After giving effect to the delivery to the Purchaser of the membership certificates representing the ownership interests of each Subsidiary of the Company (together with effective endorsements) and assuming the continued possession by the Purchaser of such stock certificates in the State of New York, the security interest created in favor of the Purchaser under the Pledge Agreement constitutes a valid and enforceable first perfected security interest in such ownership interests (and the proceeds thereof) in favor of the Purchaser, subject to no other security interest. No filings, registrations or recordings are required in order to perfect (or maintain the perfection or priority of) the security interest created under the Pledge Agreement in respect of such ownership interests.

EXHIBIT E

FORM OF ESCROW AGREEMENT

Exhibit 10.5

BLAST ENERGY SERVICES, INC. AND CERTAIN OF ITS SUBSIDIARIES
MASTER SECURITY AGREEMENT

To: Laurus Master Fund, Ltd.
c/o M&C Corporate Services Limited
P.O. Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman, Cayman Islands

Date August 25, 2006

To Whom It May Concern:

1.To secure the payment of all Obligations (as hereafter defined), Blast Energy Services, Inc., a California corporation (the "Company"), each of the other undersigned parties (other than Laurus Master Fund, Ltd., ("Laurus")) and each other entity that is required to enter into this Master Security Agreement (each an "Assignor" and, collectively, the "Assignors") hereby assigns and grants to Laurus a continuing security interest in all of the following property now owned or at any time hereafter acquired by such Assignor, or in which such Assignor now has or at any time in the future may acquire any right, title or interest (the "Collateral"): all cash, cash equivalents, accounts, accounts receivable, deposit accounts, inventory, equipment, goods, fixtures, Rig Collateral (as defined below), documents, instruments (including, without limitation, promissory notes), contract rights, commercial tort claims set forth on Exhibit B to this Master Security Agreement, general intangibles (including, without limitation, payment intangibles and an absolute right to license on terms no less favorable than those current in effect among such Assignor's affiliates), chattel paper, supporting obligations, investment property (including, without limitation, all partnership interests, limited liability company membership interests and all other equity interests owned by any Assignor), letter-of-credit rights, trademarks, trademark applications, tradestyles, patents, patent applications, copyrights, copyright applications and other intellectual property in which such Assignor now has or hereafter may acquire any right, title or interest, all proceeds and products thereof (including, without limitation, proceeds of insurance) and all additions, accessions and substitutions thereto or therefor. For the purposes of the foregoing, "Rig Collateral" shall mean any equipment, inventory or fixtures consisting of drilling rigs of each Assignor, including, without limitation, the drilling rigs indicated on Exhibit C hereto (collectively, the "Rigs"), together with (a) all the Rigs' substructure, engine, breaking system, drill pipe, drill collars, machinery, tools, supplies, parts (including spare parts) and other items and types of goods now or hereafter used or acquired in connection with the Rigs, (b) all replacements, accessories, additions, accessions, appurtenances and substitutions to any of the foregoing, (c) all accounts, general intangibles, payment intangibles, chattel paper (including electronic chattel paper), commercial tort claims instruments (including promissory notes) and all other records relating in any way to the

foregoing (including, without limitation, any computer software, whether on tape, disk, card, strip, cartridge or any other form), (d) supporting obligations relating to the Rigs; and (e) all products and products of any of the foregoing (including, without limitation, proceeds of insurance). In the event any Assignor wishes to finance the acquisition in the ordinary course of business of any hereafter acquired equipment and has obtained a written commitment from an unrelated third party financing source to finance such equipment, Laurus shall release its security interest on such hereafter acquired equipment so financed by such third party financing source. Except as otherwise defined herein, all capitalized terms used herein shall have the meanings provided such terms in the Securities Purchase Agreement referred to below. All items of Collateral which are defined in the UCC shall have the meanings set forth in the UCC. For purposes hereof, the term "UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Laurus' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions; provided further, that to the extent that the UCC is used to define any term herein and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern.

2.The term "Obligations" as used herein shall mean and include all debts, liabilities and obligations owing by each Assignor to Laurus arising under, out of, or in connection with: (i) that certain Securities Purchase Agreement dated as of the date hereof by and between the Company and Laurus (as amended, modified, restated or supplemented from time to time, the "Securities Purchase Agreement") and (ii) the Related Agreements referred to in the Securities Purchase Agreement (the Securities Purchase Agreement and each Related Agreement as each may be amended, modified, restated or supplemented from time to time, collectively, the "Documents"), and in connection with any documents, instruments or agreements relating to or executed in connection with the Documents or any documents, instruments or agreements referred to therein or otherwise, and in connection with any other indebtedness, obligations or liabilities of each such Assignor to Laurus, whether now existing or hereafter arising, direct or indirect, liquidated or unliquidated, absolute or contingent, due or not due and whether under, pursuant to or evidenced by a note, agreement, guaranty, instrument or otherwise, including, without limitation, obligations and liabilities of each Assignor for post-petition interest, fees, costs and charges that accrue after the commencement of any case by or against such Assignor under any bankruptcy, insolvency, reorganization or like proceeding (collectively, the "Debtor Relief Laws") in each case, irrespective of the genuineness, validity, regularity or enforceability of such Obligations, or of any instrument evidencing any of the Obligations or of any collateral therefor or of the existence or extent of such collateral, and irrespective of the allowability, allowance or disallowance of any or all of the Obligations in any case commenced by or against any Assignor under any Debtor Relief Law.

3.Each Assignor hereby jointly and severally represents, warrants and covenants to Laurus that:

(a)it is a corporation, partnership or limited liability company, as the case may be, validly existing, in good standing and formed under the respective laws of its jurisdiction of formation set forth on Schedule A, and each Assignor will provide Laurus thirty (30) days' prior written notice of any change in any of its respective jurisdiction of formation;

(b)its legal name is as set forth in its Certificate of Incorporation or other organizational document (as applicable) as amended through the date hereof and as set forth on Schedule A, and it will provide Laurus thirty (30) days' prior written notice of any change in its legal name;

(c)its organizational identification number (if applicable) is as set forth on Schedule A hereto, and it will provide Laurus thirty (30) days' prior written notice of any change in its organizational identification number;

(d)it is the lawful owner of its Collateral and it has the sole right to grant a security interest therein and will defend the Collateral against all claims and demands of all persons and entities and, in the case of the Rigs, will not maintain, use or operate any Rig in violation of any local, state or federal law or any rule, regulation or order of any governmental agency having jurisdiction thereof;

(e)it will keep its Collateral free and clear of all attachments, levies, taxes, liens, security interests and encumbrances of every kind and nature ("Encumbrances"), except (i) Encumbrances securing the Obligations and (ii) Encumbrances securing indebtedness of each such Assignor not to exceed $200,000 in the aggregate for all such Assignors so long as all such Encumbrances are removed or otherwise released to Laurus' satisfaction within ten (10) days of the creation thereof;

(f)it will, at its and the other Assignors' joint and several cost and expense keep the Collateral in good state of repair and will protect the same from deterioration (ordinary wear and tear excepted) and will not waste or destroy the same or any part thereof other than ordinary course discarding of items no longer used or useful in its or such other Assignors' business;

(g)it will not, without Laurus' prior written consent, sell, exchange, lease or otherwise dispose of any Collateral, whether by sale, lease or otherwise, except for the sale of inventory in the ordinary course of business and for the disposition or transfer in the ordinary course of business during any fiscal year of obsolete and worn-out equipment or equipment no longer necessary for its ongoing needs, having an aggregate fair market value of not more than $200,000 and only to the extent that:

the proceeds of each such disposition are used to acquire replacement Collateral which is subject to Laurus' first priority perfected security interest, or are used to repay the Obligations or to pay general corporate expenses; or

following the occurrence of an Event of Default which continues to exist the proceeds of which are remitted to Laurus to be held as cash collateral for the Obligations;

(h)it will not take any action in connection with any contract pertaining to a Rig that would impair the value of the interest or rights of such Assignor thereunder or that would materially impair the interest or rights of Laurus;

(i)it will insure or cause the Collateral to be insured in Laurus' name (as an additional insured and loss payee) in accordance with standard oilfield industry practices against loss or damage by fire, theft, burglary, pilferage, loss in transit and such other hazards as Laurus shall specify in amounts and under policies by insurers acceptable to Laurus and all premiums thereon shall be paid by such Assignor and the policies delivered to Laurus. If any such Assignor fails to do so, Laurus may procure such insurance and the cost thereof shall be promptly reimbursed by the Assignors, jointly and severally, and shall constitute Obligations;

(j)it will keep its chief place of business and chief executive office and the office where it keeps its records concerning its account, full and complete copies of its contracts pertaining to a Rig and chattel paper at the location specified on the signature page hereof, or, with the prior written consent of Laurus, at such other location as specified by such Assignor from time to time;

(k)it will at all reasonable times allow Laurus or Laurus' representatives free access to and the right of inspection of the Collateral, including, without limitation, the record of all payments received and any credits granted on any of its accounts pertaining to a Rig;

(l)such Assignor (jointly and severally with each other Assignor) hereby indemnifies and saves Laurus harmless from all loss, costs, damage, liability and/or expense, including reasonable attorneys' fees, that Laurus may sustain or incur to enforce payment, performance or fulfillment of any of the Obligations and/or in the enforcement of this Master Security Agreement or in the prosecution or defense of any action or proceeding either against Laurus or any Assignor concerning any matter growing out of or in connection with this Master Security Agreement, and/or any of the Obligations and/or any of the Collateral except to the extent caused by Laurus' own gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and nonappealable decision);

(m)all commercial tort claims (as defined in the Uniform Commercial Code as in effect in the State of New York) held by any Assignor are set forth on Schedule B to this Master Security Agreement; each Assignor hereby agrees that it shall promptly, and in any event within five (5) Business Days after the same is acquired by it, notify Laurus of any commercial tort claim acquired by it and unless otherwise consented to in writing by Laurus, it shall enter into a supplement to this Master Security Agreement granting to Laurus a security interest in such commercial tort claim, securing the Obligations;

(n)any and all Collateral which is tangible, including, without limitation, the Rigs: (i) is and will remain tangible personal property and is not and shall not constitute real property fixtures, (ii) is removable from and is not essential to the premises at which the tangible

Collateral is located, (iii) is capable of satisfying its intended business function, and no additional property is required to be added to the tangible Collateral in order to satisfy such business function;

(o)such Assignor has assigned to each Rig a specific number, which numbers, as of the Closing Date, are set forth on Schedule C hereto and such Assignor shall not change the number assignment to such Rig without prior notice to Laurus;

(p)the physical location of Rig is, as of the Closing Date, set forth on Schedule C hereto and such Assignor shall not cause or permit any Rig or other Rig Collateral to be removed from the United States without the express prior written consent of Laurus; and

(q)such Assignor shall maintain a sign on each Rig, which sign shall (i) indicate that such Rig is the property of such Assignor and (ii) display the number that has been assigned to such Rig by such Assignor.

4.The occurrence of any of the following events or conditions shall constitute an "Event of Default" under this Master Security Agreement:

(a)any covenant or any other term or condition of this Master Security Agreement is breached in any material respect and such breach, to the extent subject to cure, shall continue without remedy for a period of fifteen (15) days after the occurrence thereof;

(b)any representation or warranty, or statement made or furnished to Laurus under this Master Security Agreement by any Assignor or on any Assignor's behalf should prove to any time be false or misleading in any material respect on the date as of which made or deemed made;

(c)the loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral or the making of any levy, seizure or attachment thereof or thereon except to the extent:

such loss is covered by insurance proceeds which are used to replace the item or repay Laurus; or

said levy, seizure or attachment does not secure indebtedness in excess of $100,000 in the aggregate for all Assignors and such levy, seizure or attachment has been removed or otherwise released within ten (10) days of the creation or the assertion thereof;

(d)an Event of Default shall have occurred under and as defined in any Document.

5.Upon the occurrence of any Event of Default and at any time thereafter, Laurus may declare all Obligations immediately due and payable and Laurus shall have the remedies of a secured party provided in the UCC as in effect in the State of New York, this Agreement and other applicable law. Upon the occurrence of any Event of Default and at any time thereafter,

Laurus will have the right to take possession of the Collateral and to maintain such possession on any Assignor's premises or to remove the Collateral or any part thereof to such other premises as Laurus may desire. Upon Laurus' request, each Assignor shall assemble or cause the Collateral to be assembled and make it available to Laurus at a place designated by Laurus. If any notification of intended disposition of any Collateral is required by law, such notification, if mailed, shall be deemed properly and reasonably given if mailed at least ten (10) days before such disposition, postage prepaid, addressed to the applicable Assignor either at such Assignor's address shown herein or at any address appearing on Laurus' records for such Assignor. Any proceeds of any disposition of any of the Collateral shall be applied by Laurus to the payment of all expenses in connection with the sale of the Collateral, including reasonable attorneys' fees and other legal expenses and disbursements and the reasonable expenses of retaking, holding, preparing for sale, selling, and the like, and any balance of such proceeds may be applied by Laurus toward the payment of the Obligations in such order of application as Laurus may elect, and each Assignor shall be liable for any deficiency. For the avoidance of doubt, following the occurrence and during the continuance of an Event of Default, Laurus shall have the immediate right to withdraw any and all monies contained in any deposit account in the name of any Assignor and controlled by Laurus and apply same to the repayment of the Obligations (in such order of application as Laurus may elect). The parties hereto each hereby agree that the exercise by any party hereto of any right granted to it or the exercise by any party hereto of any remedy available to it (including, without limitation, the issuance of a notice of redemption, a borrowing request and/or a notice of default), in each case, hereunder, under the Securities Purchase Agreement or under any other Related Agreement which has been publicly filed with the SEC shall not constitute confidential information and no party shall have any duty to the other party to maintain such information as confidential.

6.If any Assignor defaults in the performance or fulfillment of any of the terms, conditions, promises, covenants, provisions or warranties on such Assignor's part to be performed or fulfilled under or pursuant to this Master Security Agreement, Laurus may, at its option without waiving its right to enforce this Master Security Agreement according to its terms, immediately or at any time thereafter and without notice to any Assignor, perform or fulfill the same or cause the performance or fulfillment of the same for each Assignor's joint and several account and at each Assignor's joint and several cost and expense, and the cost and expense thereof (including reasonable attorneys' fees) shall be added to the Obligations and shall be payable on demand with interest thereon at the highest rate permitted by law, or, at Laurus' option, debited by Laurus from any other deposit accounts in the name of any Assignor and controlled by Laurus.

7.Each Assignor appoints Laurus, any of Laurus' officers, employees or any other person or entity whom Laurus may designate as such Assignor's attorney, with power to execute such documents on each such Assignor's behalf, but solely to the extent Laurus deems such action necessary in the exercise of its commercially reasonable discretion to carry out the terms of this Master Security Agreement, and to supply any omitted information and correct patent errors in any documents executed by any Assignor or on any Assignor's behalf; to file financing statements against such Assignor covering the Collateral (and, in connection with the filing of any such financing statements, describe the Collateral as "all assets and all personal property, whether now owned and/or hereafter acquired" (or any substantially similar variation thereof));

to sign such Assignor's name on public records, but solely to the extent Laurus deems such action necessary in the exercise of its commercially reasonable discretion to carry out the terms of this Master Security Agreement; and to do all other things Laurus deems necessary in the exercise of its commercially reasonable discretion to carry out the terms of this Master Security Agreement. Each Assignor hereby ratifies and approves all acts of the attorney and neither Laurus nor the attorney will be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law other than gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision). This power being coupled with an interest, is irrevocable so long as any Obligations remains unpaid.

8.No delay or failure on Laurus' part in exercising any right, privilege or option hereunder shall operate as a waiver of such or of any other right, privilege, remedy or option, and no waiver whatever shall be valid unless in writing, signed by Laurus and then only to the extent therein set forth, and no waiver by Laurus of any default shall operate as a waiver of any other default or of the same default on a future occasion. Laurus' books and records containing entries with respect to the Obligations shall be admissible in evidence in any action or proceeding, shall be binding upon each Assignor for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof. Laurus shall have the right to enforce any one or more of the remedies available to Laurus, successively, alternately or concurrently. Each Assignor agrees to join with Laurus in executing such documents or other instruments to the extent required by the UCC in form satisfactory to Laurus and in executing such other documents or instruments as may be required or deemed necessary by Laurus for purposes of affecting or continuing Laurus' security interest in the Collateral.

9.The Assignors shall jointly and severally pay all of Laurus' out-of-pocket costs and expenses, including reasonable fees and disbursements of in-house or outside counsel and appraisers, in connection with the preparation, execution and delivery of the Documents, and in connection with the prosecution or defense of any action, contest, dispute, suit or proceeding concerning any matter in any way arising out of, related to or connected with any Document, subject to the terms of Section 2(c) of the Securities Purchase Agreement. The Assignors shall also jointly and severally pay all of Laurus' reasonable and customary fees, charges, out-of-pocket costs and expenses, including fees and disbursements of counsel and appraisers, in connection with (a) the preparation, execution and delivery of any waiver, any amendment thereto or consent proposed or executed in connection with the transactions contemplated by the Documents, (b) Laurus' obtaining performance of the Obligations under the Documents, including, but not limited to the enforcement or defense of Laurus' security interests, assignments of rights and liens hereunder as valid perfected security interests, (c) any attempt to inspect, verify, protect, collect, sell, liquidate or otherwise dispose of any Collateral, (d) any appraisals or re-appraisals of any property (real or personal) pledged to Laurus by any Assignor as Collateral for, or any other Person as security for, the Obligations hereunder and (e) any consultations in connection with any of the foregoing. The Assignors shall also jointly and severally pay Laurus' customary bank charges for all bank services (including wire transfers) performed or caused to be performed by Laurus for any Assignor at any Assignor's request or in connection with any Assignor's loan account (if any) with Laurus. All such costs and expenses together with all filing, recording and search fees, taxes and interest payable by the Assignors to Laurus shall be payable on demand and shall be secured by the Collateral. If any tax by any

nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (each, a "Governmental Authority") is or may be imposed on or as a result of any transaction between any Assignor, on the one hand, and Laurus on the other hand, which Laurus is or may be required to withhold or pay, the Assignors hereby jointly and severally indemnify and hold Laurus harmless in respect of such taxes, and the Assignors will repay to Laurus the amount of any such taxes which shall be charged to the Assignors' account; and until the Assignors shall furnish Laurus with indemnity therefor (or supply Laurus with evidence satisfactory to it that due provision for the payment thereof has been made), Laurus may hold without interest any balance standing to each Assignor's credit (if any) and Laurus shall retain its liens in any and all Collateral.

10.THIS MASTER SECURITY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. All of the rights, remedies, options, privileges and elections given to Laurus hereunder shall inure to the benefit of Laurus' successors and assigns. The term "Laurus" as herein used shall include Laurus, any parent of Laurus', any of Laurus' subsidiaries and any co-subsidiaries of Laurus' parent, whether now existing or hereafter created or acquired, and all of the terms, conditions, promises, covenants, provisions and warranties of this Agreement shall inure to the benefit of each of the foregoing, and shall bind the representatives, successors and assigns of each Assignor.

11.Each Assignor hereby consents and agrees that the state of federal courts located in the County of New York, State of New York shall have exclusive jurisdiction to hear and determine any claims or disputes between Assignor, on the one hand, and Laurus, on the other hand, pertaining to this Master Security Agreement or to any matter arising out of or related to this Master Security Agreement, provided, that Laurus and each Assignor acknowledges that any appeals from those courts may have to be heard by a court located outside of the County of New York, State of New York, and further provided, that nothing in this Master Security Agreement shall be deemed or operate to preclude Laurus from bringing suit or taking other legal action in any other jurisdiction to collect, the Obligations, to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Laurus. Each Assignor expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and each Assignor hereby waives any objection which it may have based upon lack of personal jurisdiction, improper venue or forum non conveniens. Each Assignor hereby waives personal service of the summons, complaint and other process issues in any such action or suit and agrees that service of such summons, complaint and other process may be made by registered or certified mail addressed to such assignor at the address set forth on the signature lines hereto and that service so made shall be deemed completed upon the earlier of such Assignor's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

The parties desire that their disputes be resolved by a judge applying such applicable laws. Therefore, to achieve the best combination of the benefits of the judicial system and of

arbitration, the parties hereto waive all rights to trial by jury in any action, suite, or proceeding brought to resolve any dispute, whether arising in contract, tort, or otherwise between Laurus, and/or any Assignor arising out of, connected with, related or incidental to the relationship established between them in connection with this Master Security Agreement or the transactions related hereto.

12.It is understood and agreed that any person or entity that desires to become an Assignor hereunder, or is required to execute a counterpart of this Master Security Agreement after the date hereof pursuant to the requirements of any Document, shall become an Assignor hereunder by (x) executing a Joinder Agreement in form and substance satisfactory to Laurus, (y) delivering supplements to such exhibits and annexes to such Documents as Laurus shall reasonably request and (z) taking all actions as specified in this Master Security Agreement as would have been taken by such Assignor had it been an original party to this Master Security Agreement, in each case with all documents required above to be delivered to Laurus and with all documents and actions required above to be taken to the reasonable satisfaction of Laurus.

[Remainder of this page intentionally left blank]

13.All notices from Laurus to any Assignor shall be sufficiently given if mailed or delivered to such Assignor's address set forth below.

Very truly yours,

BLAST ENERGY SERVICES, INC.

By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, and Co-CEO
Address: 14550 Torrey Chase Boulevard
Suite 330
Houston, TX 77014
Facsimile: No.: 281-453-2899

EAGLE DOMESTIC DRILLING OPERATIONS LLC

By: BLAST ENERGY SERVICES, INC., its sole member

By: /s/ David M. Adams
Name: David M. Adams
Title: President and Co-CEO
Address: 14550 Torrey Chase Boulevard
Suite 330
Houston, TX 77014
Facsimile: No.: 281-453-2899

ACKNOWLEDGED:

LAURUS MASTER FUND, LTD.

By: /s/ Laurus Master Fund, LTD.
Name:
Title:
Address:

SCHEDULE A

Entity	Jurisdiction of Formation	Organization Identification Number
Blast Energy Services, Inc.	California	C2263090
Eagle Domestic Drilling Operations, LLC	Texas	800179717

SCHEDULE B
COMMERCIAL TORT CLAIMS

None.

SCHEDULE C

DESCRIPTION OF RIGS

Rig #11 - Woodruff County, Arkansas

Rig #12 - White County, Arkansas

Rig #16 - Bosque County, Texas

Rig #14 - Work in progress - McClain County, Oklahoma

Rig #15 - Work in progress - McClain County, Oklahoma

Rig #17 - Components - McClain County, Oklahoma

All working rigs and rigs that are in the process of being completed are mechanical rigs with the capability to drill between 10,000’ - 14,000’ with 4.5” OD drill pipe. All rigs are equipped with 1000 HP Triplex mud pumps and new diesel engines.

Exhibit 10.6

MEMBER PLEDGE AGREEMENT

THIS MEMBER PLEDGE AGREEMENT (as the same may be amended, restated, modified and otherwise supplemented from time to time, this "**Pledge Agreement**"), dated as of August 25, 2006 is made by **BLAST ENERGY SERVICES, INC.**, a California corporation ("**Pledgor**"), in favor of **LAURUS MASTER FUND, LTD.**, a Cayman Islands company ("**Laurus**").

W I T N E S S E T H :

WHEREAS, pursuant to the terms of (a) that certain Securities Purchase Agreement dated as of August 25, 2006 by and between Pledgor and Laurus (including all annexes, exhibits and schedules thereto, dated as of the date hereof and as otherwise from time to time amended, restated, supplemented and otherwise modified, the "**Securities Purchase Agreement**"), and (b) that certain Secured Term Note executed by Pledgor in favor of Laurus in the aggregate principal amount of Forty Million Six Hundred Thousand Dollars ($40,600,000) (as from time to time amended, restated, supplemented and otherwise modified, the "**Note**"), Laurus has agreed to provide certain financial accommodations to Pledgor;

WHEREAS, Pledgor is the legal and beneficial owner of the Pledged Interests (as hereinafter defined); and

WHEREAS, in order to induce Laurus to continue to provide financial accommodations to Pledgor under the Securities Purchase Agreement and the Note, Pledgor agreed to secure its obligations under the Securities Purchase Agreement, the Note and the Related Documents (as defined in the Securities Purchase Agreement) by, among other things, pledging the Pledged Interests to Laurus in accordance herewith.

NOW, THEREFORE, in consideration of the premises and to induce Laurus to enter into the Securities Purchase Agreement and to continue to provide financial accommodations to Pledgor, Pledgor hereby agrees with Laurus as follows:

1. Defined Terms.

(a)Unless otherwise defined herein, terms defined in the Securities Purchase Agreement and used herein shall have the meanings given to them in the Securities Purchase Agreement, and the following terms which are defined in the Code (as defined below) are used herein as so defined: Accounts, Chattel Paper, General Intangibles and Instruments.

(b)The following terms shall have the following meanings:

"**Code**" means the Uniform Commercial Code from time to time in effect in the State of New York.

"**Collateral**" means (i) the Pledged Interests, (ii) all General Intangibles arising out of or constituted by the LLC Agreement in respect of the Pledged Interests, (iii) all Accounts arising

out of the LLC Agreement in respect of any Pledged Interests, and (iv) to the extent not otherwise included, all Proceeds of any and all of the foregoing.

"**Documents**" means this Pledge Agreement, the Securities Purchase Agreement, the Note, the other Related Agreements and all other documents, instruments, agreements and certificates at any time delivered by any Person executed in connection herewith or therewith.

"**Event of Default**" shall have the meaning given to such term in Section 9.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Issuers**" shall have the meaning given to such term in Section 5(a).

"**LLC Agreement**" means the Amended and Restated Regulations of Eagle Domestic Drilling Operations LLC, a Texas limited liability company, dated as of August ___, by and between Eagle Domestic Drilling Operations LLC and Pledgor, as amended, restated, supplemented and otherwise modified from time to time in accordance with the terms thereof.

"**Permitted Transfer**" means any sale, assignment, transfer, exchange or other disposition of any Pledged Interests by Pledgor or any permitted successor or assign, whether in exchange for money or other property, gift, bequest or otherwise, permitted under the LLC Agreement and under the terms of this Pledge Agreement.

"**Person**" means an individual, a partnership, a corporation (including a business trust), a joint stock company, a trust, an unincorporated association, a joint venture, a limited liability company, a limited liability partnership or other entity, or a government or any agency, instrumentality or political subdivision thereof.

"**Pledged Interests**" means the interest of Pledgor listed on Schedule 1 hereto in the Issuers, including, without limitation, all of Pledgor's right, title and interest to participate in the operation or management of the Issuers, if any, and all of Pledgor's rights to properties, assets, membership interests and distributions under the LLC Agreement, if any, together with all certificates, options or rights of any nature whatsoever that may be issued or granted by the Issuers to Pledgor in respect of the Pledged Interests while this Pledge Agreement is in effect and any other limited liability company interest obtained by Pledgor in the Issuers during the term hereof.

"**Proceeds**" means all "proceeds" as such term is defined in Section 9-102(a)(64) of the Code and, in any event, shall include, without limitation, all dividends or other income from the Pledged Interests, collections thereon or distributions with respect thereto.

"**Secured Obligations**" means all unpaid principal of and interest on (including, without limitation, interest accruing at the then applicable rate provided in the Note after the maturity of the Note and interest accruing at the then applicable rate provided in the Note after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like

proceeding, relating to the Pledgor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) all obligations and liabilities of Pledgor to Laurus under the Note and the other Documents and all other obligations and liabilities of Pledgor to Laurus, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Note, the other Documents, or any other document made, delivered or given in connection herewith or therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to Laurus that are required to be paid by Pledgor pursuant to the terms of the Note and the other Documents).

2. Pledge; Grant of Security Interest. Pledgor hereby transfers and assigns to Laurus all of the Pledged Interests of Pledgor and hereby grants to Laurus a first priority security interest in the Collateral of Pledgor, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations.

3. Delivery to Laurus.

(a)Pledgor shall deliver to Laurus (i) simultaneously with or prior to the execution and delivery of this Pledge Agreement, all certificates representing the Collateral and (ii) promptly upon the receipt thereof by or on behalf of Pledgor, all other certificates and instruments constituting Collateral of Pledgor. Prior to delivery to Laurus, all such certificates and instruments constituting Collateral of Pledgor shall be held in trust by Pledgor for the benefit of Laurus pursuant hereto. All such certificates shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, substantially in the form provided in Schedule 2 attached hereto.

(b)If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other Instrument or Chattel Paper, such note, Instrument or Chattel Paper shall be immediately delivered to Laurus, duly endorsed in a manner satisfactory to Laurus, to be held as Collateral pursuant to this Pledge Agreement.

(c)Pledgor authorizes Laurus to file such UCC or other applicable financing statements as may be reasonably requested by Laurus in order to perfect and protect the security interest created hereby in the Collateral.

(d)Pledgor agrees to execute and deliver to Laurus such other consents, acknowledgments, agreements, instruments and documentation as Laurus may reasonably request from time to time to effectuate the conveyance, transfer, assignment and grant to Laurus of all of Pledgor's right, title and interest in and to the Collateral and any distributions with respect thereto.

4. Transfer Powers. If at any time any equity interest in any Issuer is evidenced by a certificate or other written instrument or document (a "certificate"), Pledgor shall immediately deliver such certificate to Laurus and, concurrently with the delivery to Laurus of each certificate by Pledgor, Pledgor shall deliver an undated transfer power covering such certificate, duly

executed in blank with, upon the request of Laurus, signature guaranteed, in the form attached hereto in Schedule 2 or such other form as reasonably acceptable to Laurus to be held as part of the Collateral pursuant hereto.

5. Representations and Warranties. Pledgor represents and warrants that:

(a)The Pledged Interests identified in Schedule 1 and set forth adjacent to Pledgor's name constitutes all of Pledgor's limited liability company interests or other beneficial interests of any kind in the issuers as shown thereon (the "Issuers") and accurately reflects the ownership interest of Pledgor in the Issuers.

(b)All equity contributions required to be made under the LLC Agreement or applicable law to Issuers by Pledgor have been made in connection with Pledgor's Pledged Interests.

(c)Pledgor is the record and beneficial owner of, and has good and marketable title to, the Pledged Interests of Pledgor, free of any and all liens or options in favor of, or claims of, any other Person, except for the security interest created by this Pledge Agreement or otherwise pursuant to the LLC Agreement.

(d)To the best of Pledgor's knowledge, the exercise by Laurus of its rights and remedies hereunder will not violate any law or governmental regulation or any material contractual restriction, in each case, binding on or affecting Pledgor or any of its property.

(e)No authorization, approval or action by, and no notice of filing with any Governmental Authority or with any Issuer is required either (i) for the pledge made by Pledgor or for the granting of the security interest by Pledgor pursuant to this Pledge Agreement or (ii) to the best of Pledgor's knowledge, for the exercise by Laurus of its rights and remedies hereunder (except as may be required by the Uniform Commercial Code in the applicable jurisdiction or laws affecting the offering and sale of securities).

(f)The Pledged Interest are "securities" for purposes of Article 8 of the Code (as defined below) and "investment property" for the purposes of Article 9 of the Code, and the terms of the LLC Agreement so provides.

(g)Upon the delivery by Pledgor to Laurus of the certificates representing the Collateral and duly executed transfer powers with respect thereto, the security interest created by this Pledge Agreement will constitute a valid, perfected first-priority security interest in the Pledged Interests of Pledgor and in the other Collateral arising therefrom, enforceable in accordance with its terms against all creditors of Pledgor, each Issuer or any Person purporting to purchase any Pledged Interests of Pledgor (or any portion thereof) therefrom or otherwise claiming by, through or under Pledgor or such Issuer, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a proceeding in equity or at law).

(h)In the case of any Pledged Interest that are uncertificated, upon full execution and delivery of a control agreement by and among Pledgor, Issuer and Laurus, by virtue of the execution and delivery by the Pledgor of this Pledge Agreement, Laurus will have a valid and perfected first lien upon and security interest in the Pledged Interests as security for the payment and performance of the Obligations.

6. Covenants. Pledgor covenants and agrees with Laurus that, from and after the date of this Pledge Agreement until this Pledge Agreement is terminated and the security interests created hereby are released, that:

(a) If Pledgor shall, as a result of its ownership of the Pledged Interests of Pledgor, become entitled to receive or shall receive any certificate (including, without limitation, any certificate representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any shares of the Pledged Interests of Pledgor, or otherwise in respect thereof, Pledgor shall accept the same as the agent of Laurus, hold the same in trust for Laurus and deliver the same forthwith to Laurus in the exact form received, duly endorsed by Pledgor to Laurus, if required, together with an undated transfer power covering such certificate duly executed in blank by Pledgor and with signature guaranteed, to be held by Laurus, subject to the terms hereof, as additional collateral security for the Secured Obligations. Any sums paid upon or in respect of the Pledged Interests of Pledgor as a dividend or other distribution or upon the liquidation or dissolution of any Issuer shall be paid over to Laurus to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Interests of Pledgor or any property shall be distributed upon or with respect to the Pledged Interests of Pledgor pursuant to any recapitalization, reclassification or reorganization of any Issuer, the property so distributed shall be delivered to Laurus to be held by it hereunder as additional collateral security for the Secured Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Interests of Pledgor shall be received by Pledgor, Pledgor shall, until such money or property is paid or delivered to Laurus, hold such money or property in trust for Laurus, segregated from other funds of Pledgor, as additional collateral security for the Secured Obligations. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other instrument or chattel paper, such note, instrument or chattel paper shall be immediately delivered to Laurus, duly endorsed in a manner satisfactory to Laurus, to be held as Collateral pursuant to this Pledge Agreement.

(b) Without the prior written consent of Laurus, Pledgor shall not (1) except for any Permitted Transfer, sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Collateral or any portion thereof, (2) create, incur or permit to exist any security interest, encumbrance, lien or option in favor of, or any claim of any Person with respect to, any of the Collateral, or any interest therein, except for the security interests created by this Pledge Agreement or (3) enter into any agreement or undertaking restricting the right or ability of any Issuer to sell, assign or transfer any of the Collateral. Notwithstanding the foregoing, any Permitted Transfer shall be further conditioned on the following conditions being satisfied:

(i) No Event of Default shall exist prior to, and taking into account, the proposed transfer, including without limitation pursuant to the Note, or immediately thereafter;

(ii) The transferee with respect to such transfer shall have executed and delivered a pledge agreement in substance and form similar in all material respects to this Pledge Agreement and shall have agreed to be bound thereby;

(iii) Laurus shall have received an opinion of counsel of the transferee, in form and substance reasonably satisfactory to Laurus, if so requested by Laurus; and

(iv) The transferee of the transfer shall have delivered to Laurus an undated transfer power covering any certificate or certificates to be issued to such transferee, such undated transfer power to be duly executed in blank with signature guaranteed.

Upon satisfaction by the Pledgor and the transferee of the conditions set forth herein, in such case, the applicable Issuer shall cause the certificate (if any) evidencing the Pledged Interests of such transferring Pledgor that is subject to the Permitted Transfer to be cancelled and shall immediately thereafter cause a new certificate evidencing the equity interests subject to the Permitted Transfer to be issued in the name of the transferee and shall deliver such certificate to Laurus to be held pursuant to and under the terms of this Pledge Agreement.

(c) Pledgor shall warrant and defend title to and ownership of the Collateral at its own expense against the claims and demands of all other parties claiming an interest therein, shall maintain the security interest created by this Pledge Agreement as a first priority security interest and shall defend such security interest against claims and demands of all Persons whomsoever.

(d) Pledgor acknowledges and agrees that it will not permit the terms of the LLC Agreement to be amended to change the status of any Pledged Interests as “securities” or “investment property” as set forth in Section 5(f), without the express written consent of Laurus. As of the date hereof, the Pledged Interests are represented by those certificates indicated on Schedule 1.

(e) Pledgor will not, and Pledgor will not permit Issuer to, (i) change the location of its chief executive office or principal place of business, (ii) change its name, identity or legal status as, in the case of the Pledgor, a corporation, and in the case of Issuer, a limited liability company, (iii) reorganize under the laws of another jurisdiction, or (iv) issue and new Pledged Interests, except to Pledgor or as permitted under Section 6(b) hereof.

(f) Pledgor shall not participate in any amendment to the LLC Agreement of any Issuer (i) that would extend any voting rights to any owner of any equity interest in such Issuer unless such equity interest is subject to the terms and provisions of this Pledge Agreement or such other pledge agreement as is reasonably acceptable to Laurus, (ii) that would otherwise impair the Collateral or adversely affect in any material respect the rights,

privileges, benefits and security interests provided to or intended to be provided to Laurus or (iii) that in any way adversely affects the perfection of the security interest of Laurus in the Collateral.

(g) At any time and from time to time, upon the written request of Laurus, Pledgor shall promptly and duly execute and deliver to Laurus such further instruments and documents, provide such additional information and take such further actions at its expense as Laurus may reasonably request for the purposes of obtaining or preserving the full benefits of this Pledge Agreement and of the rights and powers herein granted.

7. Voting Rights. Unless an Event of Default shall have occurred and be continuing, Pledgor shall be permitted to exercise all voting and company rights with respect to the Pledged Interests; provided, however, that no vote shall be cast or company right exercised or other action taken which, in Laurus' reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of this Pledge Agreement.

8. Rights of Laurus.

(a) All money Proceeds received by Laurus hereunder shall be applied as provided in Section 10(a) hereof.

(b) If an Event of Default shall occur and be continuing, at Laurus' option, (i) Laurus shall have the right to receive any and all cash dividends or other distributions paid in respect of the Pledged Interests and make application thereof to the Secured Obligations in such order as Laurus may determine, and (ii) the Pledged Interests shall be registered in the name of Laurus or its nominee, and Laurus or its nominee may thereafter exercise (A) all voting and other rights pertaining to the Pledged Interests at any meeting of owners of the applicable Issuer or otherwise and (B) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to such Pledged Interests as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Interests upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the company structure of any Issuer, or upon the exercise by Pledgor or Laurus of any right, privilege or option pertaining to such Pledged Interests, and in connection therewith, the right to deposit and deliver any and all of the Pledged Interests with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as Laurus may determine), all without liability except to account for property actually received by it, but Laurus shall have no duty to Pledgor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

9. Events of Default. Each of the following shall constitute an event of default ("Event of Default") hereunder:

(a) An "event of default" shall occur under any Note, the Securities Purchase Agreement or any other Document;

(b) Pledgor shall fail to perform or observe any covenant or condition to be performed or observed hereunder within fifteen (15) days of the occurrence thereof or, if longer, any applicable cure period; or

(c) Any representation or warranty made by Pledgor herein shall prove to be false or erroneous in any material respect.

10. Remedies.

(a) If an Event of Default shall have occurred and be continuing, at any time at Laurus' election, Laurus may apply all or any part of Proceeds held by Laurus in payment of the Secured Obligations in such order as Laurus may elect.

(b) If an Event of Default shall have occurred and be continuing, Laurus may exercise, in addition to all other rights and remedies granted in this Pledge Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, Laurus, without resort to any other collateral or remedy under the Note or demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon Pledgor or any other Person (including without limitation the Issuers) (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give an option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, in the over-the-counter market, at any exchange, broker's board or office of Laurus or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Laurus shall apply any Proceeds from time to time held by it and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred in respect thereof or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or its rights hereunder, including, without limitation, actual and reasonable attorneys' fees and disbursements of counsel to Laurus, to the payment in whole or in part of the Secured Obligations, in such order as Laurus may elect, and only after such application and after the payment by Laurus of any other amount required by any provision of law, including, without limitation, Section 9-615 of the Code, need Laurus account for the surplus, if any, to Pledgor. To the extent permitted by applicable law, Pledgor waives all claims, damages and demands it may acquire against Laurus arising out of the exercise by it of any rights hereunder except for any claim, damage or demand arising from the gross negligence or willful misconduct of Laurus. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of Collateral are insufficient to pay the Secured Obligations and the reasonable fees and disbursements of any attorneys employed by Laurus to collect such deficiency.

11. Irrevocable Authorization and Instruction to Issuers. The Pledgor hereby authorizes and instructs the Issuers to comply with any instruction received by Pledgor (or any of them) from Laurus in writing that (a) states that an Event of Default has occurred and (b) is otherwise in accordance with the terms of this Pledge Agreement, without any other or further instructions from Pledgor (or any of them), and Pledgor agrees that the Issuers shall be fully protected in so complying.

12. Appointment as Attorney-in-Fact.

(a) The Pledgor hereby irrevocably constitutes and appoints Laurus and any officer or agent of Laurus, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Pledgor and in the name of Pledgor and in Laurus' own name, from time to time in Laurus' discretion, for the purpose of carrying out the terms of this Pledge Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Pledge Agreement, including, without limitation, any financing statements, endorsement, assignment or other instruments of transfer.

(b) The Pledgor hereby ratifies all that said attorneys shall lawfully do or cause to be done pursuant to the power of attorney granted in Section 12(a) hereof. All powers, authorizations and agencies contained in this Pledge Agreement are coupled with an interest and are irrevocable until this Pledge Agreement is terminated and the security interests created hereby are released.

13. Duty of Laurus. Laurus' sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as Laurus deals with similar securities and property for its own account. Neither Laurus nor any of its respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof.

14. No Assumption. Notwithstanding any of the foregoing, whether or not an Event of Default shall have occurred hereunder and whether or not Laurus elects to foreclose on the security interest in the Collateral as set forth herein, neither the execution of this Pledge Agreement, receipt by Laurus of any of Pledgor's rights, title and interests in and to any distributions, now or hereafter due to Pledgor from any Issuer, nor Laurus' foreclosure of the security interest in the Collateral, shall in any way be deemed to obligate Laurus to assume any of Pledgor's obligations, duties, expenses or liabilities under the LLC Agreement as presently existing or as hereafter amended, or under any and all other agreements now existing or hereafter drafted or executed (collectively, the "LLC Obligations"), unless Laurus otherwise expressly agrees to assume any or all of the LLC Obligations in writing. In the event of foreclosure by Laurus, Pledgor shall remain bound and obligated to perform the LLC Obligations and Laurus shall not be deemed to have assumed any of such LLC Obligations except as provided in the preceding sentence.

15. Financing Statements and Further Documentation. Pledgor hereby authorizes Laurus to file financing statements with respect to the Collateral in such form and in such filing offices as Laurus reasonably determines appropriate to perfect the security interests of Laurus under this Pledge Agreement and agrees to execute all such instruments as may be required to perfect the security interest created hereby. Pledgor shall pay the cost of filing or recording the same in the public records specified by Laurus.

16. Indemnification. Pledgor hereby agrees to indemnify, defend and hold Laurus and its respective successors and assigns harmless from and against any and all damages, losses, claims, costs or expenses (including reasonable attorneys' fees) and any other liabilities whatsoever that Laurus or its respective successors or assigns may incur by reason of this Pledge Agreement or by reason of any assignment of a Pledgor's right, title and interest in and to any or all of the Collateral.

17. Consent and Waiver. Pledgor agrees that, without the prior written consent of Laurus, Pledgor shall not take any action that would operate to dilute the interest of Pledgor in any Issuer other than as permitted by this Pledge Agreement. Pledgor further agrees that, upon the written request of Laurus after an Event of Default has occurred and is continuing, Pledgor may be removed as a member of any Issuer and replaced with the assignee designated in such request. If Laurus so requests after an Event of Default has occurred and is continuing, Pledgor covenants and agrees to execute an amendment to the LLC Agreement of the relevant Issuer to reflect any such assignee's substitution in place of Pledgor as a member of such Issuer, provided that such assignee shall adopt such LLC Agreement, and agrees to be bound by the terms and provisions thereof. In the event that any such assignee is admitted as a member of any Issuer in substitution of Pledgor, Pledgor agrees that such assignee shall not be liable for the obligations of Pledgor with respect to such Issuer arising before such assignee's admission to such Issuer, except to the extent required by law. Pledgor hereby expressly waives any rights it may have under the LLC Agreement as a result of the enforcement by Laurus of any of its rights hereunder or the transfer (or agreement to transfer) by Laurus of any of its rights in any Issuer. Pledgor also hereby expressly waives any and all rights under the LLC Agreement of any Issuer which, whether exercised by Pledgor or not, would prevent, inhibit or interfere with the granting of a security interest in the Collateral, the foreclosure of such security interest in the Collateral by Laurus or the full realization by Laurus of any of its other rights under this Pledge Agreement or otherwise.

18. Notices. Any notice, request, instruction or other document or communication hereunder shall be in writing and shall be given in accordance with the terms of the Securities Purchase Agreement.

19. Severability. Any provision of this Pledge Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

20. Amendments in Writing; No Waiver; Cumulative Remedies.

(a) None of the terms or provisions of this Pledge Agreement may be waived, amended, restated, supplemented or otherwise modified except by a written instrument executed by Pledgor and Laurus, provided that any provision of this Pledge Agreement may be waived by Laurus in a letter or agreement executed by Laurus or by facsimile transmission from Laurus.

(b) Laurus shall not by any act (except by a written instrument pursuant to Section 20(a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising on the part of Laurus, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by Laurus of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Laurus would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

21. Section Headings. The section headings used in this Pledge Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

22. Successors and Assigns. This Pledge Agreement shall be binding upon the successors and assigns of Pledgor and shall inure to the benefit of Laurus and its successors and assigns, provided that Pledgor may not assign its rights or obligations under this Pledge Agreement, except as otherwise expressly provided in Section 6(b) hereof, without the prior written consent of Laurus, and any such purported assignment not expressly provided for in Section 6(b) hereof or in this section shall be null and void.

23. Governing Law, Jurisdiction and Waiver of Jury Trial.

(a)THIS PLEDGE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

(b)PLEDGOR HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN PLEDGOR, ON THE ONE HAND, AND LAURUS, ON THE OTHER HAND, PERTAINING TO THIS PLEDGE AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT;

PROVIDED, THAT LAURUS AND PLEDGOR ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK, STATE OF NEW YORK; AND FURTHER PROVIDED, THAT NOTHING IN THIS PLEDGE AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE LAURUS FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE SECURED OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF LAURUS. PLEDGOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND PLEDGOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. PLEDGOR HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO PLEDGOR AT THE ADDRESS SET FORTH IN SECTION 11.8 OF THE SECURITIES PURCHASE AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF PLEDGOR'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID.

(c)THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LAURUS AND PLEDGOR ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS PLEDGE AGREEMENT OR THE TRANSACTIONS RELATED HERETO.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has caused this Member Pledge Agreement to be duly executed and delivered as of the date first above written.

BLAST ENERGY SERVICES, INC.

By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, and Co-CEO

LAURUS MASTER FUND, LTD.

By: /s/ Laurus Master Fund, LTD.
Name:
Title:

SCHEDULE 1

DESCRIPTION OF PLEDGED SECURITIES

Issuer	Owner	Certificate Number	Number of Units	Total Percentage of Ownership
Eagle Drilling Operations LLC	Blast Energy Services, Inc.	1	N/A	100%

SCHEDULE 2

IRREVOCABLE TRANSFER POWER

FOR VALUE RECEIVED, BLAST ENERGY SERVICES, INC., hereby sells, assigns and transfers unto _____ ____(___) units of the membership interests of Energy Domestic Drilling Operations LLC standing in our name on the books of said limited liability company represented by Certificate(s) No(s). _____ herewith, and do hereby irrevocably constitute and appoint _____ attorney to transfer the said membership interests on the books of said limited liability company with full power of substitution in the premises.

Dated: _____

BLAST ENERGY SERVICES, INC.

By:_____

Name:

Title:

In presence of:

_____S

Exhibit 10.7

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement"), dated as of August 25, 2006, is made by BLAST ENERGY SERVICES, INC., a California corporation ("Blast Energy Services"), and EAGLE DOMESTIC DRILLING OPERATIONS LLC, a Texas limited liability company ("Eagle", and together with Blast Energy Services, each a "Grantor" and collectively, the "Grantors"), in favor of LAURUS MASTER FUND, LTD. ("Laurus").

WHEREAS, pursuant to that certain Securities Purchase Agreement dated as of the date hereof by and between Blast Energy Services and Laurus (as from time to time amended, restated, supplemented or otherwise modified, the "Purchase Agreement"), Laurus has agreed to provide certain financial accommodations to Blast Energy Services;

WHEREAS, pursuant to that certain Guaranty dated as of the date hereof made by Eagle (the "Guarantor") in favor of Laurus (as from time to time amended, restated, supplemented or otherwise modified, the "Guaranty"), the Guarantor guaranteed all of the obligations and liabilities of Blast Energy Services under the Purchase Agreement and the Related Agreements (as defined in the Purchase Agreement).

WHEREAS, Laurus is willing to enter into the Purchase Agreement, but only upon the condition, among others, that Grantors shall have executed and delivered to Laurus this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

Section 1DEFINED TERMS.

(a)When used herein the following terms shall have the following meanings:

"Copyright Licenses" means all written agreements naming any Grantor as licensor or licensee, granting any right under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright, and whether any Grantor is named as licensor, licensee or otherwise.

"Copyrights" means all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office, and the right to obtain all renewals of any of the foregoing.

"General Intangibles" shall have the meaning provided thereto in Section 9-102 of the UCC, as amended, restated or otherwise modified from time to time.

"Intellectual Property" shall mean all rights, title and interests in or relating to intellectual property and industrial property of each Grantor and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Trademarks, Internet Domain Names and IP Licenses.

"Internet Domain Names" means all rights, title and interests (and all related IP Ancillary Rights) of each Grantor in or relating to internet domain names.

"IP Ancillary Rights" shall mean with respect to any Copyrights, Patents, Trademarks, Internet Domain Names and IP Licenses, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such intellectual property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such intellectual property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right.

"IP Licenses" shall mean Copyright Licenses, Patent Licenses and Trademark Licenses.

"Master Security Agreement" shall have the meaning provided thereto in Section 5 hereof.

"Obligations" shall have the meaning provided thereto in the Master Security Agreement.

"Patent Licenses" means all agreements, whether written or oral, relating to any Patent, including agreements providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, and whether any Grantor is named as licensor, licensee or otherwise.

"Patents" means (a) all letters patent of the United States, any other country or any political subdivision thereof, and all reissues and extensions of such letters patent, (b) all applications for letters patent of the United States or any other county and all divisions, continuations and continuations-in-part thereof, and (c) all rights to obtain any reissues or extensions of the foregoing.

"Trademark Licenses" means, collectively, each agreement, whether written or oral, relating to any Trademark, including agreements providing for the grant by or to any Grantor of any right to use any Trademark, and whether any Grantor is named as licensor, licensee or otherwise.

"Trademarks" means (a) all trademarks, trade names, corporate names, business names, fictitious business names, trade styles, services marks, logos, and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or political subdivision thereof, or otherwise, and all common-law rights thereto, and (b) the right to obtain all renewals, reissues or extensions thereof.

"UCC" shall have the meaning provided thereto in the Master Security Agreement.

(b)All capitalized terms used but not otherwise defined herein have the meanings given to them in the Purchase Agreement.

Section 2GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY COLLATERAL. To secure the complete and timely payment of all the Obligations of the Grantors now or hereafter existing from time to time, each Grantor hereby grants to Laurus a continuing first priority security interest in all of such Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Collateral"):

(a) all of its Patents and Patent Licenses to which it is a party including those referred to on Schedule I hereto;

(b) all of its Trademarks and Trademark Licenses to which it is a party including those referred to on Schedule II hereto;

(c) all of its Copyrights and Copyright Licenses to which it is a party including those referred to on Schedule III hereto;

(d) all of its Internet Domain Names including those referred to on Schedule IV hereto;

(e) all IP Ancillary Rights;

(f) all goodwill of the business connected with the use of, and symbolized by, any of the Intellectual Property; and

(g) all products and proceeds of the foregoing, including, without limitation, any claim by such Grantor against third parties for past, present or future (i) infringement or dilution of any Intellectual Property or Intellectual Property licensed under any IP License and (ii) injury to the goodwill associated with any Intellectual Property or any Intellectual Property licensed under any IP License.

Section 3REPRESENTATIONS AND WARRANTIES. Each Grantor represents and warrants that:

(a) Such Grantor does not have any interest in, or title to, (a) any Patents or Patent Licenses except as set forth on Schedule I, (b) any Trademarks or Trademark Licenses except as set forth on Schedule II, (c) any Copyrights or Copyright Licenses except as set forth on Schedule III or (d) any Internet Domain Names except as set forth on Schedule IV.

(b) Each of its Patents, Trademarks and Copyrights is valid and enforceable, and there is no claim that the use of any of them violates the rights of any third party.

(c) The IP Licenses are in full force and effect, and such Grantor is not in breach or default under any of the IP Licenses.

(d) This Agreement is effective to create a valid and continuing first priority lien on and perfected security interests in favor of Laurus in all of such Grantor's Patents, Trademarks, Copyrights, IP Licenses and Internet Domain Names and such perfected security interests are enforceable as such as against any and all creditors of, and purchasers from, such Grantor.

(e) Upon filing of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office and the filing of appropriate financing statements, all action necessary or desirable to protect and perfect Laurus' Lien on each Grantor's Patents, Trademarks, Copyrights and Internet Domain Names shall have been duly taken.

Section 4COVENANTS. Each Grantor covenants and agrees with Laurus that from and after the date of this Agreement:

(a) Such Grantor shall notify Laurus immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding such Grantor's ownership of or right to use any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(b) In no event shall such Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving Laurus prior written notice thereof, and, upon request of Laurus, such Grantor shall execute and deliver a supplement hereto (in form and substance satisfactory to Laurus) to evidence Laurus' lien on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(c) Such Grantor shall take all actions necessary or requested by Laurus to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents, Trademarks and Internet Domain Names (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event that any of the Collateral is infringed upon, misappropriated or diluted by a third party, such Grantor shall notify Laurus promptly after such Grantor learns thereof. Such Grantor shall, unless it shall reasonably determine that such Collateral is in no way material to the conduct of its business or operations, promptly sue

for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as Laurus shall deem appropriate under the circumstances to protect such Collateral.

(e) Upon the request of Laurus, such Grantor shall execute and deliver to Laurus, in form and substance reasonably acceptable to Laurus and suitable for recording with the appropriate internet domain name registrar, a duly executed form of assignment for all Internet Domain Names of such Grantor (together with appropriate supporting documentation as may be requested by Laurus).

Section 5MASTER SECURITY AGREEMENT. The security interests granted pursuant to this Agreement are granted in conjunction with the security interests granted to Laurus by each Grantor pursuant to the Master Security Agreement, dated as of the date hereof, among the Grantors and Laurus (as amended, restated or otherwise modified from time to time, the "Master Security Agreement"). Each Grantor and Laurus hereby acknowledges and affirms that the rights and remedies of Laurus with respect to the security interest in the Collateral made and granted hereby are more fully set forth in the Master Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

Section 6REINSTATEMENT. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 7INDEMNIFICATION. (a) Each Grantor assumes all responsibility and liability arising from the use of the Patents, Trademarks and/or Copyrights and each Grantor hereby indemnifies and holds Laurus harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of such Grantor's operations of its business from the use of the Patents, Trademarks and/or Copyrights. (b) In any suit, proceeding or action brought by Laurus under any IP License for any sum owing thereunder, or to enforce any provisions of such IP License, Grantors will indemnify and keep Laurus harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder, arising out of a breach by the applicable Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from such Grantor, and all such obligations of such Grantor shall be and remain enforceable against and only against such Grantor and shall not be enforceable against Laurus.

Section 8NOTICES. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Purchase Agreement with respect to Blast Energy Services and the Guaranty with respect to the Guarantor.

Section 9TERMINATION OF THIS AGREEMENT. Subject to Section 6 hereof, this Agreement shall terminate upon indefeasible payment in full in cash of all Obligations and irrevocable termination of the Purchase Agreement and the Guaranty.

[Signature Page to Follow]

IN WITNESS WHEREOF, each Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

BLAST ENERGY SERVICES, INC.
By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, & Co-CEO

EAGLE DOMESTIC DRILLING OPERATIONS LLC
By: BLAST ENERGY SERVICES, INC., its sole member
By: /s/ David M. Adams
Name: David M. Adams
Title: President & Co-CEO

ACCEPTED AND ACKNOWLEDGED BY:
LAURUS MASTER FUND, LTD.
By: /s/ Laurus Master Fund, LTD.
Name:
Title:

STATE OF TEXAS)
) ss:
COUNTY OF HARRIS)

On the 24th day of August, 2006, before me personally came John O'Keefe to me known, who being by me duly sworn, did depose and say he is the Executive Vice President, Chief Financial Officer and Co-CEO of Blast Energy Services, Inc., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said corporation.

/s/ Delores M. Trapani
Notary Public
My Commission Expires: March 04, 2009

STATE OF TEXAS)
) ss:
COUNTY OF HARRIS)

On the 24th day of August, 2006, before me personally came David Adams to me known, who being by me duly sworn, did depose and say he is the President and Co-CEO of Blast Energy Services, Inc., the sole member of Eagle Domestic Drilling Operations LLC, the limited liability company described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said corporation.

/s/ Delores M. Trapani
Notary Public
My Commission Expires: March 04, 2009

SCHEDULE I

TO

INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. PATENT REGISTRATIONS

Grantor	Patent	Reg. No.	Date
None.			

II. PATENT APPLICATIONS

Grantor	Patent	Application No.	Filing Date
Blast Energy Services, Inc. (50% owner of the Patent)	Method and Apparatus for Jet-Fluid Abrasive Cutting	60/527,308	November 12, 2004

III. PATENT LICENSES

Grantor	Patent	Reg. No.	Owner	Date	Exclusivity	Type of License
Blast Energy Services, Inc.	Method of an Apparatus for Horizontal Well Drilling	5,413,184	Carl Landers	5/9/95	Not Exclusive	Sublicense to Blast Energy Services under terms of license sale to Maxim TEP
Blast Energy Services, Inc.	Method of and Apparatus for Horizontal Well Drilling	5,853,056	Carl Landers	12/29/98	Not Exclusive	Sublicense to Blast Energy Services under terms of license sale to Maxim TEP

SCHEDULE II

TO

INTELLECTUAL PROPERTY SECURITY AGREEMENT

(m) TRADEMARK REGISTRATIONS

GRANTOR	REG. NO.	MARK	COUNTRY	REG. DATE
None.				

(n) TRADEMARK APPLICATIONS

GRANTOR	SER. NO.	MARK	COUNTRY	FILING DATE
None.				

(o) TRADEMARK LICENSES

GRANTOR	REG. NO.	MARK	COUNTRY	REG. DATE	EXCLUSIV-ITY	TYPE OF LICENSE
None.						

SCHEDULE III

TO

INTELLECTUAL PROPERTY SECURITY AGREEMENT

(a) COPYRIGHT REGISTRATIONS

Grantor	Copyright	Reg. No.	Date
None.			

(b) COPYRIGHT APPLICATIONS

Grantor	Copyright	Date
None.		

(c) COPYRIGHT LICENSES

Grantor	Copyright	Reg. No.	Date	Exclusivity	Type of License
None.					

SCHEDULE IV

TO

INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTERNET DOMAIN NAMES

blastenergyservices.com

blast-es.com

verdisys.com

Exhibit 10.8

SUBSIDIARY GUARANTY

New York, New York August 25, 2006

FOR VALUE RECEIVED, and in consideration of note purchases from, loans made or to be made or credit otherwise extended or to be extended by Laurus Master Fund, Ltd. ("Laurus") to or for the account of Blast Energy Services, Inc., a California corporation ("Debtor"), from time to time and at any time and for other good and valuable consideration and to induce Laurus, in its discretion, to purchase such notes, make such loans or other extensions of credit and to make or grant such renewals, extensions, releases of collateral or relinquishments of legal rights as Laurus may deem advisable, each of the undersigned (and each of them if more than one, the liability under this Guaranty being joint and several) (jointly and severally referred to as "Guarantors " or "the undersigned") unconditionally guaranties to Laurus, its successors, endorsees and assigns the prompt payment when due (whether by acceleration or otherwise) of all present and future obligations and liabilities of any and all kinds of Debtor to Laurus and of all instruments of any nature evidencing or relating to any such obligations and liabilities upon which Debtor or one or more parties and Debtor is or may become liable to Laurus, whether incurred by Debtor as maker, endorser, drawer, acceptor, guarantors, accommodation party or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint or several, and however or whenever acquired by Laurus, whether arising under, out of, or in connection with (i) that certain Securities Purchase Agreement dated as of the date hereof by and between the Debtor and Laurus (the "Securities Purchase Agreement") and (ii) each Related Agreement referred to in the Securities Purchase Agreement (the Securities Purchase Agreement and each Related Agreement, as each may be amended, modified, restated or supplemented from time to time, are collectively referred to herein as the "Documents"), or any documents, instruments or agreements relating to or executed in connection with the Documents or any documents, instruments or agreements referred to therein or otherwise, or any other indebtedness, obligations or liabilities of the Debtor to Laurus, whether now existing or hereafter arising, direct or indirect, liquidated or unliquidated, absolute or contingent, due or not due and whether under, pursuant to or evidenced by a note, agreement, guaranty, instrument or otherwise (all of which are herein collectively referred to as the "Obligations"), and irrespective of the genuineness, validity, regularity or enforceability of such Obligations, or of any instrument evidencing any of the Obligations or of any collateral therefor or of the existence or extent of such collateral, and irrespective of the allowability, allowance or disallowance of any or all of the Obligations in any case commenced by or against Debtor under Title 11, United States Code, including, without limitation, obligations or indebtedness of Debtor for post-petition interest, fees, costs and charges that would have accrued or been added to the Obligations but for the commencement of such case. Terms not otherwise defined herein shall have the meaning assigned such terms in the Securities Purchase Agreement. In furtherance of the foregoing, the undersigned hereby agrees as follows:

1.No Impairment. Laurus may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the undersigned, extend the time of payment of, exchange or surrender any collateral for, renew or extend any of the Obligations or increase or decrease the interest rate thereon, or any other agreement with Debtor or with any other party to or person liable on any of the Obligations, or interested therein, for the

extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between Laurus and Debtor or any such other party or person, or make any election of rights Laurus may deem desirable under the United States Bankruptcy Code, as amended, or any other federal or state bankruptcy, reorganization, moratorium or insolvency law relating to or affecting the enforcement of creditors' rights generally (any of the foregoing, an "Insolvency Law") without in any way impairing or affecting this Guaranty. This Guaranty shall be effective regardless of the subsequent incorporation, merger or consolidation of Debtor, or any change in the composition, nature, personnel or location of Debtor and shall extend to any successor entity to Debtor, including a debtor in possession or the like under any Insolvency Law.

Guaranty Absolute. Subject to Section 5(c) hereof, each of the undersigned jointly and severally guarantees that the Obligations will be paid strictly in accordance with the terms of the Documents and/or any other document, instrument or agreement creating or evidencing the Obligations, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Debtor with respect thereto. Guarantors hereby knowingly accept the full range of risk encompassed within a contract of "continuing guaranty" which risk includes the possibility that Debtor will contract additional indebtedness for which Guarantors may be liable hereunder after Debtor's financial condition or ability to pay its lawful debts when they fall due has deteriorated, whether or not Debtor has properly authorized incurring such additional indebtedness. The undersigned acknowledge that (i) no oral representations, including any representations to extend credit or provide other financial accommodations to Debtor, have been made by Laurus to induce the undersigned to enter into this Guaranty and (ii) any extension of credit to the Debtor shall be governed solely by the provisions of the Documents. The liability of each of the undersigned under this Guaranty shall be absolute and unconditional, in accordance with its terms, and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any waiver, indulgence, renewal, extension, amendment or modification of or addition, consent or supplement to or deletion from or any other action or inaction under or in respect of the Documents or any other instruments or agreements relating to the Obligations or any assignment or transfer of any thereof, (b) any lack of validity or enforceability of any Document or other documents, instruments or agreements relating to the Obligations or any assignment or transfer of any thereof, (c) any furnishing of any additional security to Laurus or its assignees or any acceptance thereof or any release of any security by Laurus or its assignees, (d) any limitation on any party's liability or obligation under the Documents or any other documents, instruments or agreements relating to the Obligations or any assignment or transfer of any thereof or any invalidity or unenforceability, in whole or in part, of any such document, instrument or agreement or any term thereof, (e) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Debtor, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not the undersigned shall have notice or knowledge of any of the foregoing, (f) any exchange, release or nonperfection of any collateral, or any release, or amendment or waiver of or consent to departure from any guaranty or security, for all or any of the Obligations or (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the undersigned. Any amounts due from the undersigned to

Laurus shall bear interest until such amounts are paid in full at the highest rate then applicable to the Obligations. Obligations include post-petition interest whether or not allowed or allowable.

3.Waivers.

(a) This Guaranty is a guaranty of payment and not of collection. Laurus shall be under no obligation to institute suit, exercise rights or remedies or take any other action against Debtor or any other person or entity liable with respect to any of the Obligations or resort to any collateral security held by it to secure any of the Obligations as a condition precedent to the undersigned being obligated to perform as agreed herein and each of the Guarantors hereby waives any and all rights which it may have by statute or otherwise which would require Laurus to do any of the foregoing. Each of the Guarantors further consents and agrees that Laurus shall be under no obligation to marshal any assets in favor of Guarantors, or against or in payment of any or all of the Obligations. The undersigned hereby waives all suretyship defenses and any rights to interpose any defense, counterclaim or offset of any nature and description which the undersigned may have or which may exist between and among Laurus, Debtor and/or the undersigned with respect to the undersigned's obligations under this Guaranty, or which Debtor may assert on the underlying debt, including but not limited to failure of consideration, breach of warranty, fraud, payment (other than cash payment in full of the Obligations), statute of frauds, bankruptcy, infancy, statute of limitations, accord and satisfaction, and usury.

(b) Each of the undersigned further waives (i) notice of the acceptance of this Guaranty, of the making of any such loans or extensions of credit, and of all notices and demands of any kind to which the undersigned may be entitled, including, without limitation, notice of adverse change in Debtor's financial condition or of any other fact which might materially increase the risk of the undersigned and (ii) presentment to or demand of payment from anyone whomsoever liable upon any of the Obligations, protest, notices of presentment, non-payment or protest and notice of any sale of collateral security or any default of any sort.

(c) Notwithstanding any payment or payments made by the undersigned hereunder, or any setoff or application of funds of the undersigned by Laurus, the undersigned shall not be entitled to be subrogated to any of the rights of Laurus against Debtor or against any collateral or guarantee or right of offset held by Laurus for the payment of the Obligations, nor shall the undersigned seek or be entitled to seek any contribution or reimbursement from Debtor in respect of payments made by the undersigned hereunder, until all amounts owing to Laurus by Debtor on account of the Obligations are indefeasibly paid in full and Laurus' obligation to extend credit pursuant to the Documents has been irrevocably terminated. If, notwithstanding the foregoing, any amount shall be paid to the undersigned on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full and Laurus' obligation to extend credit pursuant to the Documents shall not have been terminated, such amount shall be held by the undersigned in trust for Laurus, segregated from other funds of the

undersigned, and shall forthwith upon, and in any event within two (2) business days of, receipt by the undersigned, be turned over to Laurus in the exact form received by the undersigned (duly endorsed by the undersigned to Laurus, if required), to be applied against the Obligations, whether matured or unmatured, in such order as Laurus may determine, subject to the provisions of the Documents. Any and all present and future debts and obligations of Debtor to any of the undersigned are hereby waived and postponed in favor of, and subordinated to the full payment and performance of, all present and future debts and Obligations of Debtor to Laurus.

4.Security. All sums at any time to the credit of the undersigned and any property of the undersigned in Laurus' possession or in the possession of any bank, financial institution or other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, Laurus (each such entity, an "Affiliate") shall be deemed held by Laurus or such Affiliate, as the case may be, as security for any and all of the undersigned's obligations to Laurus and to any Affiliate of Laurus, no matter how or when arising and whether under this or any other instrument, agreement or otherwise.

5.Representations and Warranties. Each of the undersigned hereby jointly and severally represents and warrants (all of which representations and warranties shall survive until all Obligations are indefeasibly satisfied in full and the Documents have been irrevocably terminated), that:

(a) Corporate Status. It is a corporation, partnership or limited liability company, as the case may be, duly formed, validly existing and in good standing under the laws of its jurisdiction of formation indicated on the signature page hereof and has full power, authority and legal right to own its property and assets and to transact the business in which it is engaged.

(b) Authority and Execution. It has full power, authority and legal right to execute and deliver, and to perform its obligations under, this Guaranty and has taken all necessary corporate, partnership or limited liability company, as the case may be, action to authorize the execution, delivery and performance of this Guaranty.

(c) Legal, Valid and Binding Character. This Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting the enforcement of creditor's rights and general principles of equity that restrict the availability of equitable or legal remedies.

(d) Violations. The execution, delivery and performance of this Guaranty will not violate any requirement of law applicable to it or any contract, agreement or instrument to which it is a party or by which it or any of its property is bound or result in the creation or imposition of any mortgage, lien or other encumbrance other than in favor of Laurus on any of its property or assets pursuant to the provisions of any of the

foregoing, which, in any of the foregoing cases, could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(e) Consents or Approvals. No consent of any other person or entity (including, without limitation, any creditor of the undersigned) and no consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty by it, except to the extent that the failure to obtain any of the foregoing could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(f) Litigation. No litigation, arbitration, investigation or administrative proceeding of or before any court, arbitrator or governmental authority, bureau or agency is currently pending or, to the best of its knowledge, threatened (i) with respect to this Guaranty or any of the transactions contemplated by this Guaranty or (ii) against or affecting it, or any of its property or assets, which, in each of the foregoing cases, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(g) Financial Benefit. It has derived or expects to derive a financial or other advantage from each and every loan, advance or extension of credit made under the Documents or other Obligation incurred by the Debtor to Laurus.

(h) Solvency. As of the date of this Guaranty, (a) the fair saleable value of its assets exceeds its liabilities and (b) it is meeting its current liabilities as they mature.

6.Acceleration.

(a) If any breach of any covenant or condition or other event of default shall occur and be continuing under any agreement made by Debtor or any of the undersigned to Laurus, or either Debtor or any of the undersigned should at any time become insolvent, or make a general assignment, or if a proceeding in or under any Insolvency Law shall be filed or commenced by, or in respect of, any of the undersigned, or if a notice of any lien, levy, or assessment is filed of record with respect to any assets of any of the undersigned by the United States of America or any department, agency, or instrumentality thereof, or if any taxes or debts owing at any time or times hereafter to any one of them becomes a lien or encumbrance upon any assets of the undersigned in Laurus' possession, or otherwise, any and all Obligations shall for purposes hereof, at Laurus' option, be deemed due and payable without notice notwithstanding that any such Obligation is not then due and payable by Debtor.

(b) Each of the undersigned will promptly notify Laurus of any default by such undersigned in its respective performance or observance of any term or condition of any agreement to which the undersigned is a party if the effect of such default is to cause, or permit the holder of any obligation under such agreement to cause, such obligation to become due prior to its stated maturity and, if such an event occurs, Laurus shall have the right to accelerate such undersigned's obligations hereunder.

7.Payments from Guarantors. Laurus, in its sole and absolute discretion, with or without notice to the undersigned, may apply on account of the Obligations any payment from the undersigned or any other guarantors, or amounts realized from any security for the Obligations, or may deposit any and all such amounts realized in a non-interest bearing cash collateral deposit account to be maintained as security for the Obligations.

8.Costs. The undersigned shall pay on demand, all costs, fees and expenses (including expenses for legal services of every kind) relating or incidental to the enforcement or protection of the rights of Laurus hereunder or under any of the Obligations.

9.No Termination. This is a continuing irrevocable guaranty and shall remain in full force and effect and be binding upon the undersigned, and each of the undersigned's successors and assigns, until all of the Obligations have been indefeasibly paid in full and Laurus' obligation to extend credit pursuant to the Documents has been irrevocably terminated. If any of the present or future Obligations are guarantied by persons, partnerships or entities in addition to the undersigned, the death, release or discharge in whole or in part or the bankruptcy, merger, consolidation, incorporation, liquidation or dissolution of one or more of them shall not discharge or affect the liabilities of any undersigned under this Guaranty.

10.Recapture. Anything in this Guaranty to the contrary notwithstanding, if Laurus receives any payment or payments on account of the liabilities guaranteed hereby, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver, or any other party under any Insolvency Law, common law or equitable doctrine, then to the extent of any sum not finally retained by Laurus, the undersigned's obligations to Laurus shall be reinstated and this Guaranty shall remain in full force and effect (or be reinstated) until payment shall have been made to Laurus, which payment shall be due on demand.

11.Books and Records. The books and records of Laurus showing the account between Laurus and Debtor shall be admissible in evidence in any action or proceeding, shall be binding upon the undersigned for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof, in each case absent manifest error.

12.No Waiver. No failure on the part of Laurus to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Laurus of any right, remedy or power hereunder preclude any other or future exercise of any other legal right, remedy or power. Each and every right, remedy and power hereby granted to Laurus or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Laurus at any time and from time to time.

13.Waiver of Jury Trial. EACH OF THE UNDERSIGNED DESIRES THAT ITS DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, EACH OF THE UNDERSIGNED HERETO WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING

BROUGHT TO RESOLVE ANY DISPUTE, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE BETWEEN LAURUS, AND/OR ANY OF THE UNDERSIGNED ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS GUARANTY, ANY DOCUMENT OR THE TRANSACTIONS RELATED HERETO OR THERETO.

14.Governing Law; Jurisdiction. THIS GUARANTY CANNOT BE CHANGED OR TERMINATED ORALLY, AND SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH OF THE UNDERSIGNED HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN ANY OF THE UNDERSIGNED, ON THE ONE HAND, AND LAURUS, ON THE OTHER HAND, PERTAINING TO THIS GUARANTY OR ANY OF THE DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS GUARANTY OR ANY OF THE DOCUMENTS; PROVIDED, THAT EACH OF THE UNDERSIGNED ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE COUNTY OF NEW YORK, STATE OF NEW YORK; AND FURTHER PROVIDED, THAT NOTHING IN THIS GUARANTY SHALL BE DEEMED OR OPERATE TO PRECLUDE LAURUS FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO COLLECT THE OBLIGATIONS, TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF LAURUS. EACH OF THE UNDERSIGNED EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH UNDERSIGNED HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. EACH OF THE UNDERSIGNED HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH UNDERSIGNED IN ACCORDANCE WITH SECTION 18 AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH UNDERSIGNED'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER POSTAGE PREPAID.

15.Understanding With Respect to Waivers and Consents. Each Guarantor warrants and agrees that each of the waivers and consents set forth in this Guaranty is made voluntarily and unconditionally after consultation with outside legal counsel and with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Guarantor otherwise may have against the Debtor, Laurus or any other person or entity or against any

collateral. If, notwithstanding the intent of the parties that the terms of this Guaranty shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

16.Severability. To the extent permitted by applicable law, any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17.Amendments, Waivers. No amendment or waiver of any provision of this Guaranty nor consent to any departure by the undersigned therefrom shall in any event be effective unless the same shall be in writing executed by each of the undersigned directly affected by such amendment and/or waiver and Laurus.

18.Notice. All notices, requests and demands to or upon the undersigned, shall be in writing and shall be deemed to have been duly given or made (a) when delivered, if by hand, (b) three (3) days after being sent, postage prepaid, if by registered or certified mail, (c) when confirmed electronically, if by facsimile, or (d) when delivered, if by a recognized overnight delivery service in each event, to the numbers and/or address set forth beneath the signature of the undersigned.

19.Successors. Laurus may, from time to time, without notice to the undersigned, sell, assign, transfer or otherwise dispose of all or any part of the Obligations and/or rights under this Guaranty. Without limiting the generality of the foregoing, Laurus may assign, or grant participations to, one or more banks, financial institutions or other entities all or any part of any of the Obligations. In each such event, Laurus, its Affiliates and each and every immediate and successive purchaser, assignee, transferee or holder of all or any part of the Obligations shall have the right to enforce this Guaranty, by legal action or otherwise, for its own benefit as fully as if such purchaser, assignee, transferee or holder were herein by name specifically given such right. Laurus shall have an unimpaired right to enforce this Guaranty for its benefit with respect to that portion of the Obligations which Laurus has not disposed of, sold, assigned, or otherwise transferred.

20.Joinder. It is understood and agreed that any person or entity that desires to become a Guarantor hereunder, or is required to execute a counterpart of this Guaranty after the date hereof pursuant to the requirements of any Document, shall become a Guarantor hereunder by (x) executing a Joinder Agreement in form and substance satisfactory to Laurus, (y) delivering supplements to such exhibits and annexes to such Documents as Laurus shall reasonably request and (z) taking all actions as specified in this Guaranty as would have been taken by such such Guarantor had it been an original party to this Guaranty, in each case with all documents required above to be delivered to Laurus and with all documents and actions required above to be taken to the reasonable satisfaction of Laurus.

21.Release. Nothing except indefeasible payment in full of the Obligations shall release any of the undersigned from liability under this Guaranty.

22.Remedies Not Exclusive. The remedies conferred upon Laurus in this Guaranty are intended to be in addition to, and not in limitation of any other remedy or remedies available to Laurus.

23.Limitation of Obligations under this Guaranty. Each Guarantor and Laurus (by its acceptance of the benefits of this Guaranty) hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act of any similar Federal or state law. To effectuate the foregoing intention, each Guarantor and Laurus (by its acceptance of the benefits of this Guaranty) hereby irrevocably agrees that the Obligations guaranteed by such Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement providing for an equitable contribution among such Guarantor and the other Guarantors (including this Guaranty), result in the Obligations of such Guarantor under this Guaranty in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

[REMAINDER OF THIS PAGE IS BLANK.

SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, this Guaranty has been executed by the undersigned as of the date and year here above written.

EAGLE DOMESTIC DRILLING OPERATIONS LLC

By: BLAST ENERGY SERVICES, INC., its sole member

By: /s/ John O'Keefe
Name: John O'Keefe
Title: EVP, CFO, & Co-CEO

Address: 14550 Torrey Chase Boulevard
Suite 330
Houston, TX 77014

Telephone: (281) 453-2888
Facsimile: (281) 453-2899
State of Formation: Texas

Exhibit 10.9

COLLATERAL ASSIGNMENT

COLLATERAL ASSIGNMENT made as of this 25th day of August, 2006 by Blast Energy Services, Inc., a California corporation ("Assignor"), to Laurus Master Fund, Ltd. ("Assignee").

FOR VALUE RECEIVED, and as collateral security for all debts, liabilities and obligations of Assignor to Assignee, now existing or hereafter arising under that certain Securities Purchase Agreement dated as of the date hereof between Assignor and Assignee (the "SPA") and the Related Agreements (as defined in the SPA) (each as amended, modified, restated or supplemented from time to time), Assignor hereby assigns, transfers and sets over unto, and grants a security interest to Assignee and its successors and assigns in, all of its rights and benefits, but not its obligations, under that certain Definitive Purchase Agreement dated as of June 28, 2006 by and among the members of Eagle Domestic Drilling Operations LLC named therein (collectively, the "Sellers") and Assignor and all of the agreements and documents by which assets or rights of Sellers are transferred to Assignor (as each may be amended, modified, restated or supplemented from time to time, collectively, the "Agreements"), including, without limitation, all indemnity rights and all moneys and claims for moneys due and/or to become due to Assignor under the Agreements.

Assignor hereby (i) specifically authorizes and directs Sellers upon notice to Sellers by Assignee to make all payments due to Assignor under or arising under the Agreements directly to Assignee and (ii) irrevocably authorizes and empowers Assignee (a) to ask, demand, receive, receipt and give acquittance for any and all amounts which may be or become due or payable, or remain unpaid at any time and times to Assignor by Sellers under and pursuant to the Agreements, (b) to endorse any checks, drafts or other orders for the payment of money payable to Assignor in payment thereof, and (c) in Assignee's discretion to file any claims or take any action or institute any proceeding, either in its own name or in the name of Assignor or otherwise, which Assignee may deem necessary or advisable to effectuate the foregoing. It is expressly understood and agreed, however, that Assignee shall not be required or obligated in any manner to make any demand or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or take any other action to collect or enforce the payment of any amounts which may have been assigned to Assignee or to which Assignee may be entitled hereunder at any time or times.

Sellers are hereby authorized to recognize Assignee's claims to rights hereunder without investigating any reason for any action taken by Assignee or the validity or the amount of the obligations or existence of any default, or the application to be made by Assignee of any of the amounts to be paid to Assignee. Checks for all or any part of the sums payable under this Collateral Assignment shall be drawn to the sole and exclusive order of Assignee. Upon payment by Sellers to Assignee of any amounts due to Assignor under or arising under the Agreements, the obligations of Sellers to Assignor with respect to such amounts shall be deemed paid in full.

Without first obtaining the written consent of Assignee, neither Assignor nor any Seller shall (i) amend or modify the Agreements in any way which would affect any payments or

material obligations thereunder due from Sellers to Assignor or (ii) agree to or suffer any amendment, extension, renewal, release, acceptance, forbearance, modification or waiver with respect to any rights of Assignor to receive payment from Sellers arising under the Agreements.

In the event Assignor declines to exercise any rights under the Agreements, Assignee shall have the right to enforce any and all such rights of Assignor directly against Sellers.

This shall be a continuing agreement and the rights and benefits of the Assignor in and to the Agreements are in addition to and not in substitution for any other security held by the Assignee and shall not operate as a merger of any simple contract debt or suspend the fulfillment of or affect the right, remedies and powers of the Assignee in respect of the said rights and benefits or any collateral of the Assignor held by the Assignee. Without limiting the generality of any of the foregoing, all claims present or future of the Assignor against any person liable upon or for payment in respect of the Agreements are hereby assigned to the Assignee.

The security interests created hereby are intended to attach and take effect forthwith upon the execution of this Collateral Assignment by the Assignor, and the Assignor acknowledges that value has been given and that the Assignor has rights in the Agreements.

For avoidance of any doubt, this Collateral Assignment shall not release the Assignor from any of its obligations to Sellers under the Agreements.

The Assignor acknowledges receipt of an executed copy of this Collateral Assignment.

This Collateral Assignment shall be governed by and construed in accordance with the laws of the State of New York.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, Assignor has duly executed this Collateral Assignment the day and year first above written.

BLAST ENERGY SERVICES, INC.

By: /s/ David M. Adams
Name: David M. Adams
Title President & Co-CEO

Each Seller hereby consents and agrees
to the provisions of this Collateral Assignment
as of this 25th day of August, 2006.

/s/ Glenn A. Foster, Jr.
GLENN A. FOSTER, JR.

/s/ Richard Thornton
RICHARD THORNTON

/s/ Herman Livesay
HERMAN LIVESAY

THORNTON FAMILY IRREVOCABLE TRUST

By: /s/ Dirk O'Hara
Name: Dirk O'Hara
Title: Trustee

THORNTON BUSINESS SECURITY TRUST

By: /s/ Jeffrey Brown
Name: Jeffrey Brown
Title: Trustee