

PEDEVCO CORP
Form 10-K/A
April 19, 2013

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

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2012

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

For the transition period from _____ to _____

Commission file number: 000-53725

PEDEVCO Corp.
(Exact Name of Registrant as Specified in Its Charter)

Texas
(State or other jurisdiction of
incorporation or organization)

22-3755993
(IRS Employer Identification No.)

4125 Blackhawk Plaza Circle, Suite 201
Danville, California 94506
(Address of Principal Executive Offices)

(855) 733-3826
(Registrant's Telephone Number,
Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$0.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes " No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No "

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 29, 2012 based upon the closing price reported on such date was approximately \$3,364,034. Shares of voting stock held by each officer and director and by each person who, as of June 29, 2012, may be deemed to have beneficially owned more than 10% of the outstanding voting stock have been excluded. This determination of affiliate status is not necessarily a conclusive determination of affiliate status for any other purpose.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes " No "

As of April 18, 2013, 41,739,965 shares of the registrant's common stock, \$.001 par value per share, were outstanding

Table of Contents

	<u>Explanatory Note</u>	1
PART II		
<u>Item 7.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	2
<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>	9
<u>Item 9A.</u>	<u>Controls and Procedures</u>	10
PART IV		
<u>Item 15.</u>	<u>Exhibits and Financial Statement Schedules</u>	12

EXPLANATORY NOTE

This Annual Report on Form 10-K/A is being filed as Amendment No. 1 to our Annual Report on Form 10-K (“Amendment No. 1”), which amends and restates certain parts of our Annual Report on Form 10-K for the year ended December 31, 2012 (the “Annual Report”), originally filed on March 25, 2013 with the Securities and Exchange Commission.

This Amendment No. 1 restates the following items:

- Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- Part II, Item 8. Financial Statements and Supplementary Data;
- Part II, Item 9A. Controls and Procedures; and
- Part IV, Item 15. Exhibits and Financial Statement Schedules.

This Amendment No. 1 is being filed to restate the financial statements of PEDEVCO Corp. as of December 31, 2012 (i) to properly classify the issuance of 368,345 shares of our Series A Preferred Stock to a related party as a stock subscriptions receivable rather than a note receivable and (ii) to properly present on the balance sheet and the statement of stockholders’ equity the classification of the shares of Series A Preferred Stock issued and outstanding and the par value and additional paid in capital for the 1,666,667 shares of Series A preferred stock presented outside of shareholders’ equity (due to the redemption of such shares being outside of our control). In addition, this Amendment No. 1 includes expanded disclosure under Part II, Item 9A, Controls and Procedures, to include a statement identifying the framework used by management to evaluate the effectiveness of our internal control over financial reporting, and to include a statement that our internal control over financial reporting is not effective.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial and accounting officer are filed herewith as exhibits to this Amendment No. 1. This Amendment No. 1 also includes a re-issued audit report of GBH CPAs, PC.

Impact of Restatement

A summary of the effects of this restatement to the financial statements included within this Amendment No. 1 is presented under Note 5, “Restatement of Financial Statements,” to the consolidated financial statements of PEDEVCO Corp.

Special Note Regarding Amendment No. 1

Except for the Items noted above, no other information included in the original Annual Report is being amended or updated by this Amendment No. 1. This Amendment No. 1 continues to describe the conditions as of the date of the original Annual Report and, except as contained therein, we have not updated or modified the disclosures contained in the original Annual Report. Accordingly, this Amendment No. 1 should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the filing of the original Annual Report, including any amendment to those filings.

PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Annual Report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution you that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. See "Risk Factors" and "Forward Looking Statements."

On July 27, 2012, we completed our acquisition of Pacific Energy Development Corp., which we refer to as Pacific Energy Development. The acquisition was accounted for as a "reverse acquisition," and Pacific Energy Development was deemed to be the accounting acquirer in the acquisition. Because Pacific Energy Development Corp. was deemed the acquirer for accounting purposes, the financial statements of Pacific Energy Development are presented as the continuing accounting entity and the below discussion solely relates to the financial information of Pacific Energy Development as the continuing accounting entity.

Overview

We are an energy company engaged in the acquisition, exploration, development and production of oil and natural gas resources in the U.S., with a primary focus on oil and natural gas shale plays and a secondary focus on conventional oil and natural gas plays. Our current operations are located primarily in the Niobrara Shale play in the Denver-Julesburg Basin in Morgan and Weld Counties, Colorado and the Eagle Ford Shale play in McMullen County, Texas. We also hold an interest in the North Sugar Valley Field in Matagorda County, Texas, though we consider this a non-core asset.

We have approximately 10,224 gross and 2,774 net acres of oil and gas properties in our Niobrara core area. Our current Eagle Ford position is a 3.97% working interest in 1,331 acres. Condor Energy Technology LLC, which we jointly own and manage with an affiliate of MIE Holdings Corporation as described below, operates our Niobrara interests, including three gross wells in the Niobrara asset with current daily production of approximately 494 BOE (150 BOE net). We believe our current assets could contain a gross total of 197 drilling locations.

We also have agreements in place (subject to customary closing conditions) for acquisitions and future operations in the Mississippian Lime play in Comanche, Harper, Barber and Kiowa Counties, Kansas and Woods County, Oklahoma. See "Recent Developments - Mississippian Opportunity (Pending Acquisition)." If the proposed acquisition of the Mississippian asset is completed, upon closing, we will have a 100% operated working interest in 7,006 gross (6,763 net) acres, and will hold an option to acquire an additional 7,880 gross (7,043 net) acres through May 30, 2013. We believe the Mississippian asset could contain a gross total of 84 drilling locations.

We believe that the Niobrara, Eagle Ford and Mississippian Shale plays represent among the most promising unconventional oil and natural gas plays in the U.S. We will continue to seek additional acreage proximate to our currently held core acreage. Our strategy is to be the operator, directly or through our subsidiaries and joint ventures, in the majority of our acreage so we can dictate the pace of development in order to execute our business plan. The majority of our capital expenditure budget for 2013 will be focused on the acquisition, development and expansion of these formations.

Detailed information about our business plans and operations, including our core Niobrara, Eagle Ford and Mississippian assets, is contained under "Business" in Part I, Item 1 above.

How We Conduct Our Business and Evaluate Our Operations

Our use of capital for acquisitions and development allows us to direct our capital resources to what we believe to be the most attractive opportunities as market conditions evolve. We have historically acquired properties that we believe have significant appreciation potential. We intend to continue to acquire both operated and non-operated properties to the extent we believe they meet our return objectives.

2

We will use a variety of financial and operational metrics to assess the performance of our oil and natural gas operations, including:

- production volumes;
- realized prices on the sale of oil and natural gas, including the effects of our commodity derivative contracts;
- oil and natural gas production and operating expenses;
- capital expenditures;
- general and administrative expenses;
- net cash provided by operating activities; and
- net income.

Production Volumes

Production volumes will directly impact our results of operations. We currently have minimal production, all from the initial producing well associated with the Niobrara asset, three gross producing wells associated with our Eagle Ford asset, and three gross producing wells associated with our North Sugar Valley field, but expect to increase production assuming drilling success in the future.

Factors Affecting the Sales Price of Oil and Natural Gas

We expect to market our crude oil and natural gas production to a variety of purchasers based on regional pricing. The relative prices of crude oil and natural gas are determined by the factors impacting global and regional supply and demand dynamics, such as economic conditions, production levels, weather cycles and other events. In addition, relative prices are heavily influenced by product quality and location relative to consuming and refining markets.

Oil. The New York Mercantile Exchange-West Texas Intermediate (NYMEX-WTI) futures price is a widely used benchmark in the pricing of domestic crude oil in the U.S. The actual prices realized from the sale of crude oil differ from the quoted NYMEX-WTI price as a result of quality and location differentials. Quality differentials to NYMEX-WTI prices result from the fact that crude oils differ from one another in their molecular makeup, which plays an important part in their refining and subsequent sale as petroleum products. Among other things, there are two characteristics that commonly drive quality differentials: (a) the crude oil's American Petroleum Institute, or API, gravity and (b) the crude oil's percentage of sulfur content by weight. In general, lighter crude oil (with higher API gravity) produces a larger number of lighter products, such as gasoline, which have higher resale value and, therefore, normally sell at a higher price than heavier oil. Crude oil with low sulfur content ("sweet" crude oil) is less expensive to refine and, as a result, normally sells at a higher price than high sulfur-content crude oil ("sour" crude oil).

Location differentials to NYMEX-WTI prices result from variances in transportation costs based on the produced crude oil's proximity to the major consuming and refining markets to which it is ultimately delivered. Crude oil that is produced close to major consuming and refining markets, such as near Cushing, Oklahoma, is in higher demand as compared to crude oil that is produced farther from such markets. Consequently, crude oil that is produced close to major consuming and refining markets normally realizes a higher price (i.e., a lower location differential to NYMEX-WTI).

In the past, crude oil prices have been extremely volatile, and we expect this volatility to continue. For example, the NYMEX-WTI oil price ranged from a high of \$113.93 per Bbl to a low of \$75.67 per Bbl during the year ended December 31, 2011 and from a high of \$108.84 per Bbl to a low of \$77.69 per Bbl during the year ended December 31, 2012.

Natural Gas. The NYMEX-Henry Hub price of natural gas is a widely used benchmark for the pricing of natural gas in the U.S. Similar to crude oil, the actual prices realized from the sale of natural gas differ from the quoted NYMEX-Henry Hub price as a result of quality and location differentials. Quality differentials to NYMEX-Henry Hub prices result from: (a) the Btu content of natural gas, which measures its heating value, and (b) the percentage of sulfur, CO₂ and other inert content by volume. Wet natural gas with a high Btu content sells at a premium to low Btu content dry natural gas because it yields a greater quantity of natural gas liquids (NGLs). Natural gas with low sulfur and CO₂ content sells at a premium to natural gas with high sulfur and CO₂ content because of the added cost to separate the sulfur and CO₂ from the natural gas to render it marketable. Wet natural gas is processed in third-party natural gas plants and residue natural gas as well as NGLs are recovered and sold. Dry natural gas residue from our properties is generally sold based on index prices in the region from which it is produced.

Location differentials to NYMEX-Henry Hub prices result from variances in transportation costs based on the natural gas' proximity to the major consuming markets to which it is ultimately delivered. Also affecting the differential is the processing fee deduction retained by the natural gas processing plant generally in the form of percentage of proceeds. Generally, these index prices have historically been at a discount to NYMEX-Henry Hub natural gas prices.

In the past, natural gas prices have been extremely volatile, and we expect this volatility to continue. For example, the NYMEX-Henry Hub natural gas price ranged from a high of \$4.92 per MMBtu to a low of \$2.84 per MMBtu during the year ended December 31, 2011, and from a high of \$3.20 per MMBtu to a low of \$1.82 per MMBtu during the year ended December 31, 2012.

Commodity Derivative Contracts. We expect to adopt a commodity derivative policy designed to minimize volatility in our cash flows from changes in commodity prices. We have not determined the portion of our estimated production, if any, for which we will mitigate our risk through the use of commodity derivative instruments, but in no event will we maintain a commodity derivative position in an amount in excess of our estimated production. Should we reduce our estimates of future production to amounts which are lower than our commodity derivative volumes, we will reduce our positions as soon as practical. If forward crude oil or natural gas prices increase to prices higher than the prices at which we have entered into commodity derivative positions, we may be required to make margin calls out of our working capital in the amounts those prices exceed the prices we have entered into commodity derivative positions.

Oil and Natural Gas Production Expenses. We will strive to increase our production levels to maximize our revenue. Oil and natural gas production expenses are the costs incurred in the operation of producing properties and workover costs. We expect expenses for utilities, direct labor, water injection and disposal, and materials and supplies to comprise the most significant portion of our oil and natural gas production expenses. Oil and natural gas production expenses do not include general and administrative costs or production and other taxes. Certain items, such as direct labor and materials and supplies, generally remain relatively fixed across broad production volume ranges, but can fluctuate depending on activities performed during a specific period. For instance, repairs to our pumping equipment or surface facilities may result in increased oil and natural gas production expenses in periods during which they are performed.

A majority of our operating cost components will be variable and increase or decrease as the level of produced hydrocarbons and water increases or decreases. For example, we will incur power costs in connection with various production related activities such as pumping to recover oil and natural gas and separation and treatment of water produced in connection with our oil and natural gas production. Over the life of hydrocarbon fields, the amount of water produced may increase for a given volume of oil or natural gas production, and, as pressure declines in natural gas wells that also produce water, more power will be needed to provide energy to artificial lift systems that help to remove produced water from the wells. Thus, production of a given volume of hydrocarbons may become more expensive each year as the cumulative oil and natural gas produced from a field increases until, at some point,

additional production becomes uneconomic.

Production and Ad Valorem Taxes. Texas regulates the development, production, gathering and sale of oil and natural gas, including imposing production taxes and requirements for obtaining drilling permits. For oil production, Texas currently imposes a production tax at 4.6% of the market value of the oil produced and an additional 3/16 of one cent per barrel of crude petroleum produced, and for natural gas, Texas currently imposes a production tax at 7.5% of the market value of the natural gas produced. Colorado imposes production taxes ranging from 2% to 5% based on gross income and a conservation tax ranging from 0.07% to 1.5% based on the market value of oil and natural gas production. Wyoming imposes production taxes at a base rate of 6% and conservation tax of 0.04% based on the market value of oil and natural gas production. Ad valorem taxes are generally tied to the valuation of the oil and natural gas properties; however, these valuations are reasonably correlated to revenues, excluding the effects of any commodity derivative contracts.

4

General and Administrative Expenses. General and administrative expenses related to being a publicly traded company include: Exchange Act reporting expenses; expenses associated with Sarbanes-Oxley compliance; expenses associated with our efforts to have our shares listed on the NYSE MKT; independent auditor fees; legal fees; investor relations expenses; registrar and transfer agent fees; director and officer liability insurance costs; and director compensation. As a publicly-traded company, we expect that general and administrative expenses will continue to be significant.

Income Tax Expense. We are a C-corporation for federal income tax purposes, and accordingly, we are directly subject to federal income taxes which may affect future operating results and cash flows. We are also subject to taxation through our membership interests in our joint ventures, which are limited liability companies taxed as pass-through entities.

Results of Operations

As a result of the reverse acquisition, the financial statements of Pacific Energy Development prior to the merger are presented as the financial statements of the Company. The financial statements prior to the date of the merger represent the operations of pre-merger Pacific Energy Development only. After the date of the merger, the financial statements include the operations of the combined companies.

Comparison of the Year Ended December 31, 2012 with the Period from February 9, 2011 (inception) through December 31, 2011

Oil and Gas Revenue. We had total revenue of approximately \$503,000 for the year ended December 31, 2012, comprised of approximately \$357,000 in revenue generated after February 2012 from Pacific Energy Development's two producing wells in the Eagle Ford asset and one producing well in the Niobrara asset and approximately \$146,000 in revenue generated after the merger on July 27, 2012 from the former Blast business ("Blast") operations. Prior to February 2012, Pacific Energy Development was focused on acquiring oil and natural gas properties, and did not yet generate any revenue. Consequently, oil and gas revenue were \$-0- for the period from February 9, 2011 (inception) through the year ended December 31, 2011.

Lease Operating Expense. Operating expenses associated with the oil and gas properties were approximately \$281,000 for the year ended December 31, 2012 comprised of approximately \$176,000 for Pacific Energy Development and approximately \$105,000 attributable to Blast after the merger on July 27, 2012. Prior to February 2012, Pacific Energy Development was focused on acquiring oil and natural gas properties, and did not yet generate any revenue. Consequently, well operating expenses were \$-0- for the period from February 9, 2011 (inception) through the year ended December 31, 2011.

Selling, General and Administrative. Selling, general and administrative ("SG&A") expenses increased by \$3,013,000 to \$3,730,000 for the year ended December 31, 2012 compared to \$717,000 for the period from February 9, 2011 (inception) through December 31, 2011. The increase was primarily due to increased staff, professional service fees, legal fees in connection with the Pacific Energy Development merger, and stock compensation expense in 2012 not applicable to 2011.

(in thousands)	For the Years Ended			Increase (Decrease)
	December 31, 2012	December 31, 2011		
Payroll and related costs	\$ 1,682	\$ 309	\$ 1,373	
Option and warrant expense	621	-	621	
Legal fees and settlements	162	120	42	
Professional services	910	155	755	

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Insurance	109	10	99
Travel & entertainment	111	75	36
Office rent, communications and other	135	48	87
	\$ 3,730	\$ 717	\$ 3,013

Impairment of Goodwill. Management evaluated the amount of goodwill associated with the merger with Blast following the allocation of fair value to the assets and liabilities acquired and determined that the goodwill should be fully impaired and has reflected the impairment on the statement of operations as of the date of the merger.

Depreciation, Depletion and Amortization (“DD&A”). DD&A costs were approximately \$131,000 for the year ended December 31, 2012, compared to \$1,000 for the period from February 9, 2011 (inception) through December 31, 2011, as recording of depletion commenced in 2012 when the wells began producing revenue.

Gain on Sale of Equity Method Investments. In connection with the White Hawk Sale in May 2012, the Company recorded a gain of \$64,000 representing the difference between the Company’s carrying value of the 50% investment sold (\$1,875,000) and the fair value of the net sale proceeds received from MIE Holdings (\$1,939,000). There was no such sale in 2011.

Loss from Equity Method Investment. Loss from equity method investments was \$358,000 in 2012, compared with \$26,000 in 2011. The Company has two investments accounted for using the equity method, Condor and White Hawk, which was acquired in 2012. The increased loss was due primarily to costs associated with exploration of new, unproven areas within the Condor property and general and administrative costs incurred for a full year of Condor operations (Condor was formed in October of 2011), offset in part by the addition of White Hawk in 2012 which generated net income.

Interest Expense. Interest expense was \$986,000 for the year ended December 31, 2012 compared to \$13,000 for the period from February 9, 2011 (inception) through December 31, 2011, an increase of \$973,000 from the prior period. This increase is primarily due to the amortization of \$507,000 for debt discount and \$63,000 of interest expense related to the Centurion note acquired from Blast in the merger; and \$380,000 of interest incurred on the extension of the due date for a deferred payment related to the acquisition of the Eagle Ford property held in Excellong E&P-2, Inc. (now White Hawk Petroleum, LLC).

Gain on Debt Extinguishment. The Company recorded a loss of \$160,000 for debt extinguishment in connection with modifications made to amounts borrowed from Centurion Credit Funding, LLC under the Note Purchase Amendment dated January 13, 2012 as a significant conversion feature was added to the terms of the note and the Company’s Merger with Blast triggered the contingent conversion feature. The Company recorded a gain on debt extinguishment of \$169,000 in connection with amounts forgiven by Centurion Credit Funding, LLC for the complete extinguishment of the outstanding debt during the year. The net gain on debt extinguishment for the year ended December 31, 2012 was approximately \$9,000.

Loss on Settlement of Payable. During the year, the Company recorded a loss on a settlement of payable in the amount of \$139,874 related to issuance of 279,749 shares of Series A preferred Stock in full satisfaction and release of our obligation to Esenjay.

Net Loss. Net loss increased by \$11,249,000 to a net loss of \$12,013,000 for the year ended December 31, 2012 compared to a net loss of \$764,000 for the period from February 9, 2011 (inception) through December 31, 2011. This increase was primarily due to \$6,820,000 for goodwill impairment, the increase in SG&A of \$3,017,000 in 2012 as described above, increased loss from equity investments of \$332,000, the debt discount amortization and interest of \$578,000 for the Centurion note, loss on settlement of payable to Esenjay in the amount of \$139,874, and \$380,000 of interest expense as described above.

Liquidity and Capital Resources

Liquidity Outlook

We expect to incur substantial expenses and generate significant operating losses as we continue to explore for and develop our oil and natural gas prospects, and as we opportunistically invest in additional oil and natural gas properties, develop our discoveries which we determine to be commercially viable and incur expenses related to operating as a public company and compliance with regulatory requirements.

On October 10, 2012, we filed a Registration Statement on Form S-1 with the Securities and Exchange Commission (“SEC”), with a proposed \$50 million underwritten public offering of our common stock (the “Pending Public Offering”). Subject to clearance by the SEC, we anticipate closing the Pending Public Offering in the second quarter of 2013, although there can be no guarantee that we will be able to close the Pending Public Offering, or, if closed, raise the full amount sought in the offering. We intend to use the net proceeds that we receive from the Pending Public Offering to fund capital expenditures for leasehold acquisitions and development as well as for general corporate purposes.

Our future financial condition and liquidity will be impacted by, among other factors, our ability to successfully complete the Pending Public Offering, the success of our exploration and appraisal drilling program, the number of commercially viable oil and natural gas discoveries made and the quantities of oil and natural gas discovered, the speed with which we can bring such discoveries to production, and the actual cost of exploration, appraisal and development of our prospects. Assuming the Pending Public Offering closes in a timely manner, we estimate that we will make capital expenditures, excluding capitalized interest and general and administrative expense, of approximately \$38 million during the period from January 1, 2013 to December 31, 2013 in order to achieve our plans.

We expect the proceeds of the Pending Public Offering, cash flow from operations, proceeds from asset divestitures and our existing cash on hand will be sufficient to fund our planned capital expenditures until the end of 2013. Because the wells funded by our 2013 drilling plans represent only a small percentage of our potential drilling locations, we will be required to generate or raise additional capital to develop our entire inventory of potential drilling locations, if we elect to do so. We may seek additional funding through asset sales, farm-out arrangements, lines of credit and additional public or private equity or debt financings.

Our capital budget may be adjusted as business conditions warrant. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If oil and natural gas prices decline or costs increase significantly, we could defer a significant portion of our budgeted capital expenditures until later periods to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, timing of regulatory approvals, availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

Historical Liquidity and Capital Resources

Prior to the completion of the merger with Blast, we raised approximately \$11.5 million through the sale of Series A preferred stock, which we refer to as the Pacific Energy Development Offering. The Pacific Energy Development Offering closed on July 27, 2012.

The proceeds of the Pacific Energy Development Offering were used to purchase our Niobrara and Eagle Ford assets and for general working capital expenses. The Eagle Ford asset had two producing wells when purchased and we have been receiving revenues since March 2012 from those wells. A well was drilled and completed in July 2012 in the Niobrara asset, resulting in oil revenues from this well in the quarter ended September 30, 2012. In the last quarter of 2012, Condor drilled two additional wells for a total drilling cost (not including fracking or completion costs incurred in 2013) net to our interest of \$0.85 million in the Niobrara asset.

We had total current assets of \$2.8 million as of December 31, 2012, including cash of \$2.5 million, compared to total current assets of \$0.6 million as of December 31, 2011, including a cash balance of \$176,000.

We had total assets of \$11.1 million as of December 31, 2012 and \$2.9 million as of December 31, 2011. Included in total assets as of December 31, 2012 and December 31, 2011 were \$2.4 million and \$0, respectively, of proved oil and gas properties subject to amortization and \$0.9 million and \$1.7 million, respectively, in unproved oil and gas properties not subject to amortization.

We had current liabilities of \$4.7 million as of December 31, 2012, compared to current and total liabilities of \$2.1 million as of December 31, 2011.

We had negative working capital of \$1.9 million, total shareholders' equity of \$5.1 million and a total accumulated deficit of \$12.8 million as of December 31, 2012, compared to negative working capital of \$1.5 million, total shareholders' equity of \$0.9 million and a total accumulated deficit of \$0.8 million as of December 31, 2011.

Cash Flows from Operating Activities. Pacific Energy Development had net cash used in operating activities of \$2,804,000 for the year ended December 31, 2012, which was primarily due to a \$12,013,000 loss from continuing operations offset by \$6,820,000 for impairment of goodwill arising from the merger, \$621,000 of stock compensation expense, \$508,000 of amortization of financing costs, \$358,000 in share of equity investment net loss, \$280,000 of preferred stock issued to extend debt maturity and accounted for as interest expense.

Cash Flows from Investing Activities. Pacific Energy Development had net cash used in investing activities of \$3,742,000 for the year ended December 31, 2012. Cash was used for oil and gas property acquisitions in the amount of \$1,500,000, the payment of obligations of our pre-merger company related to the merger in the amount of \$454,000, and cash funded to White Hawk and Condor as notes receivable in the amount of \$2,786,000. This usage of cash was partially offset by \$1,000,000 received from the sale of 50% of the White Hawk subsidiary to an affiliate of MIE Holdings.

Cash Flows from Financing Activities. Pacific Energy Development had net cash provided from financing activities of \$8,848,000 for the year ended December 31, 2012, which was due primarily to the sale of preferred stock.

Critical Accounting Policies

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

Revenue Recognition. All revenue is recognized when persuasive evidence of an arrangement exists, the service or sale is complete, the price is fixed or determinable and collectability is reasonably assured. Revenue is derived from the sale of crude oil. Revenue from crude oil sales is recognized when the crude oil is delivered to the purchaser and collectability is reasonably assured. We follow the "sales method" of accounting for oil and natural gas revenue, which means we recognize revenue on all natural gas or crude oil sold to purchasers, regardless of whether the sales are proportionate to our ownership in the property. A receivable or liability is recognized only to the extent that we have an imbalance on a specific property greater than our share of the expected remaining proved reserves. If collection is uncertain, revenue is recognized when cash is collected. We recognize reimbursements received from third parties for out-of-pocket expenses incurred as service revenues and account for out-of-pocket expenses as direct costs.

Equity Method Accounting for Joint Ventures. The majority of the Company's oil and gas interests are held all or in part by the following joint ventures which are collectively owned with affiliates of MIE Holdings:

- Condor Energy Technology LLC, a Nevada limited liability company owned 20% by the Company and 80% by an affiliate of MIE Holdings. The Company accounts for its 20% ownership in Condor using the equity method; and
- White Hawk Petroleum, LLC, a Nevada limited liability company owned 50% by the Company and 50% by an affiliate of MIE Holdings. The Company accounts for its 50% interest in White Hawk using the equity method.

The Company evaluated its relationship with Condor and White Hawk to determine if either qualified as a variable interest entity ("VIE"), as defined in ASC 810-10, and whether the Company is the primary beneficiary, in which case consolidation would be required. The Company determined that both Condor and White Hawk qualified as a VIE, but since the Company is not the primary beneficiary of either Condor or White Hawk that consolidation was not required for either entity.

Oil and Gas Properties, Successful Efforts Method. The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalized. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalized as exploration and evaluation assets pending determination of whether the wells find proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, (i.e., prices and costs as of the date the estimate is made). Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalized only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes.

Exploration and evaluation expenditures incurred subsequent to the acquisition of an exploration asset in a business combination are accounted for in accordance with the policy outlined above.

The cost of oil and gas properties is amortized at the field level based on the unit of production method. Unit of production rates are based on oil and gas reserves and developed producing reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements. The Company's reserve estimates represent crude oil and natural gas which management believes can be reasonably produced within the current terms of their production agreements.

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The audited consolidated financial statements and supplementary data required by this Item are presented beginning on page F-1 of this Annual Report on Form 10-K/A.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported, within the time period specified in the SEC’s rules and forms and is accumulated and communicated to the Company’s management, as appropriate, in order to allow timely decisions in connection with required disclosure.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as of the end of the period covered by this quarterly report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2012, that our disclosure controls and procedures were not effective because of the material weakness in internal control over financial reporting described below.

As a result of our merger with Blast Energy Services, Inc. and the formative stage of our development, the Company has not fully implemented the necessary internal controls for the combined entities. The matters involving internal controls and procedures that the Company's management considered to be material weaknesses under the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) were: (1) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of accounting principles generally accepted in the United States of America (“GAAP”) and SEC disclosure requirements; and (2) ineffective controls over period end financial disclosure and reporting processes.

Management believes that the material weaknesses set forth above did not have an effect on the Company's financial results reported herein. We are committed to improving our financial organization. As part of this commitment, we will increase our personnel resources and technical accounting expertise as we develop the internal and financial resources of the Company. In addition, at that time, the Company will prepare and implement sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of GAAP and SEC disclosure requirements.

Management believes that preparing and implementing sufficient written policies and checklists will remedy the following material weaknesses (i) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of GAAP and SEC disclosure requirements; and (ii) ineffective controls over period end financial close and reporting processes.

We will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Management’s Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, but because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. The

Company's internal control over financial reporting includes those policies and procedures that are designed to:

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework. Based on our assessment, management believes that the Company's internal controls over financial reporting were not effective as of December 31, 2012.

As a result of the merger described above, there were changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that are reasonably likely to materially affect our internal control over financial reporting.

During the year December 31, 2012, we reevaluated our most recent assessment of internal controls in conjunction with increased levels of activities in the development of our operations and noted material weaknesses, discussed above, that changed our assessment of internal controls from effective to not effective. In order to remediate the weaknesses identified above, the Company is in the process of hiring additional accounting staff to provide more resources and expand the technical accounting knowledge.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the fourth quarter of the year ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on the Effectiveness of Controls

The Company's disclosure controls and procedures are designed to provide the Company's Chief Executive Officer and Chief Financial Officer with reasonable assurances that the Company's disclosure controls and procedures will achieve their objectives. However, the Company's management does not expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting can or will prevent all human error. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are internal resource constraints, and the benefit of controls must be weighed relative to their corresponding costs. Because of the limitations in all control systems, no evaluation of controls can provide complete assurance that all control issues and instances of error, if any, within the Company's company are detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to human error or mistake. Additionally, controls, no matter how well designed, could be circumvented by the individual acts of specific persons within the organization. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions.

Attestation Report of the Registered Public Accounting Firm

This report does not include an attestation report of our registered public accounting firm regarding our internal controls over financial reporting. Under SEC rules, such attestation is not required for smaller reporting companies such as ourselves.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Financial Statements

INDEX TO FINANCIAL STATEMENTS

Audited Financial Statements for Years Ended December 31, 2012 and 2011

Pedeveco Corp.:

<u>Report of Independent Registered Public Accounting Firms</u>	F-2
<u>Consolidated Balance Sheets as of December 31, 2012 and 2011</u>	F-4
<u>Consolidated Statements of Operations for the Year Ended December 31, 2012 and for the Period from February 9, 2011 (Inception) to December 31, 2011</u>	F-5
<u>Consolidated Statement of Shareholders' Equity (Deficit) For the Year Ended December 31, 2012 and for the Period from February 9, 2011 (Inception) to December 31, 2011</u>	F-6
<u>Consolidated Statements of Cash Flows for the Year Ended December 31, 2012 and for the Period from February 9, 2011 (Inception) to December 31, 2011</u>	F-7
<u>Notes to Consolidated Financial Statements</u>	F-8

Condor Energy Technology, LLC

<u>Report of Independent Registered Public Accounting Firm</u>	F-41
<u>Balance Sheets as of December 31, 2012 and 2011</u>	F-42
<u>Statements of Operations for the Year Ended December 31, 2012 and for the Period from October 12, 2011 (Inception) to December 31, 2011</u>	F-43
<u>Statement of Members' Equity (Deficit) For the Year Ended December 31, 2012 and for the Period from October 12, 2011 (Inception) to December 31, 2011</u>	F-44
<u>Statements of Cash Flows for the Year Ended December 31, 2012 and for the Period from October 12, 2011 (Inception) to December 31, 2011</u>	F-45
<u>Notes to Financial Statements</u>	F-46

White Hawk Petroleum, LLC

<u>Report of Independent Registered Public Accounting Firm</u>	F-55
<u>Balance Sheet as of December 31, 2012</u>	F-56
<u>Statements of Operations for the Period from May 11, 2012 (Inception) to December 31, 2012</u>	F-57
<u>Statement of Members' Equity (Deficit) For the Period from May 11, 2012 (Inception) to December 31, 2012</u>	F-58
<u>Statements of Cash Flows for the Period from May 11, 2012 (Inception) to December 31, 2012</u>	F-59
<u>Notes to Financial Statements</u>	F-60

(b).
List of
Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Reorganization, dated January 13, 2012, by and among Blast Services, Inc., Blast Acquisition Corp., and Pacific Energy Development Corp. (17)
2.2	First Amendment to the Agreement and Plan of Merger, dated May 29, 2012, by and among Blast Services, Inc., Blast Acquisition Corp., and Pacific Energy Development Corp. (1)
2.3	Articles of Merger (Nevada) by Blast Acquisition Corp. and Pacific Energy Development Corp. (2)
3.1	Amended and Restated Certificate of Formation and Designation by Blast Acquisition Corp. and Pacific Energy Development Corp. (2)
3.2	Amended and Restated Certificate of Designation of Series A Preferred Stock (2)
3.3	Bylaws of Blast Energy Services, Inc. (3)
3.4	Amendment to the Bylaws (25)
4.1	Form of Common Stock Certificate for PEDEVCO Corp. (23)
4.2	Form of PEDEVCO Corp. Series A Preferred Stock Certificate (23)
10.1	2003 Stock Option Plan (4)
10.2	Blast Energy Services, Inc. 2009 Stock Incentive Plan (5)
10.3	Blast Energy Services, Inc. 2012 Equity Incentive Plan (6)
10.4	Blast Energy Services, Inc. 2012 Equity Incentive Plan - Form of Restricted Shares Grant Agreement (23)
10.5	Blast Energy Services, Inc. 2012 Equity Incentive Plan - Form of Stock Option Agreement (23)
10.6	Pacific Energy Development Corp. 2012 Equity Incentive Plan (23)
10.7	Pacific Energy Development Corp. 2012 Plan - Form of Restricted Shares Grant Agreement (23)
10.8	Pacific Energy Development Corp. 2012 Plan - Form of Stock Option Agreement (23)
10.9	Pacific Energy Development Corp. - Form of Restricted Shares Grant Agreement (23)
10.10	Pacific Energy Development Corp. - Form of Stock Option Agreement (23)
10.11	PEDEVCO Corp. - Form of Indemnification Agreement (26)
10.12	Note Purchase Agreement, dated February 24, 2011, by and between Blast Energy Services, Inc. and Centurion Credit Funding, LLC (12)
10.13	Senior Secured Promissory Note (First Tranche), dated February 24, 2011, by Blast Energy Service Inc. in favor of Centurion Credit Funding, LLC (12)
10.14	Senior Secured Promissory Note (Second Tranche), dated April 5, 2012, by Blast Energy Service Inc. and Centurion Credit Funding, LLC (13)
10.15	Guaranty, dated February 24, 2011, by Eagle Domestic Drilling Operations, LLC and Blast AFJ Centurion Credit Funding, LLC (12)
10.16	Security Agreement, dated February 24, 2011, by Blast Energy Services, Inc., Eagle Domestic Drilling Operations, LLC, Blast AFJ, Inc. and Centurion Credit Funding, LLC (12)

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- 10.17 Stock Purchase Agreement, dated February 24, 2011, by and between Blast Energy Services, Inc. and Centurion Credit Funding, LLC (12)
- 10.18 Royalty Payment Letter, dated February 24, 2011, by Blast Energy Services, Inc. and Centurion Credit Funding, LLC (12)
- 10.19 Subordination and Intercreditor Agreement, dated February 24, 2011, by and among Blast Energy Services, Inc., Centurion Credit Funding, LLC and Berg McAfee Companies, LLC (12)
- 10.20 Second Amendment to Placement Agency Agreement, dated May 18, 2011, by and between Trident Partners, Ltd and Blast Energy Services, Inc. (14)
- 10.21 Warrant to Purchase Shares of Common Stock, dated February 2, 2011, issued in favor of Centurion Credit Funding, LLC (15)
- 10.22 First Amendment to Warrant, dated October 6, 2011, by and between Blast Energy Services, Inc. and Centurion Credit Funding, LLC (15)
- 10.23 Second Amendment to Warrant, dated December 16, 2011, by and between Blast Energy Services, Inc. and Centurion Credit Funding, LLC (16)
- 10.24 Placement Agent Warrant Agreement, dated December 22, 2011, by and among Blast Energy Services, Inc. and Trident Partners Ltd. (16)
- 10.25 Modification Agreement with Solimar Energy LLC, dated December 22, 2011, by and between Solimar Energy LLC and Blast Energy Services, Inc. (16)
- 10.26 Form of Voting Agreement, dated January 13, 2012, by and among Blast Energy Services, Inc., Pacific Energy Development Corp. and certain security and debt holders of Blast Energy Services, Inc. (17)
- 10.27 Form of Debt Conversion Agreement, dated January 13, 2012 (17)
- 10.28 BMC Debt Conversion Agreement, dated January 13, 2012, by and among Blast Energy Service, Inc., Berg McAfee Companies, LLC and Clyde Berg (17)
- 10.29 Amendment to the Note Purchase Agreement, dated January 13, 2012, by and between Blast Energy Service, Inc. and Centurion Credit Funding LLC (17)
- 10.30 Amendment to the First Tranche Promissory Note, dated January 13, 2012, by and between Blast Energy Service, Inc. and Centurion Credit Funding LLC (17)

- 10.31 Amendment to the Second Tranche Promissory Note, dated January 13, 2012, by and between Blast Energy Service, Inc. and Centurion Credit Funding LLC (17)
- 10.32 Amendment to the Security Agreement, dated January 13, 2012, by and among Blast Energy Service, Inc., Eagle Domestic Drilling Operations, LLC, Blast AFJ, Inc. and Centurion Credit Funding LLC (17)
- 10.33 Settlement Agreement and Release, dated May 1, 2012, by and among Blast Energy Service, Inc., Trident Partners Ltd. and Brian Schantz and Edward Flynn (18)
- 10.34 Fee Conversion and Settlement Agreement, dated May 1, 2012, by and among Blast Energy Services, Inc., Brian Frank and Lewis Mason (18)
- 10.35 Restated Placement Agent Warrant Agreement, effective December 11, 2011, restated as of May 1, 2011 (18)
- 10.36 PEDCO Guarantee Agreement, dated July 27, 2012, by Pacific Energy Development Corp. in favor of Centurion Credit Funding LLC (17)
- 10.37 Third Amendment to Warrant, dated April 10, 2012, by and between Blast Energy Services, Inc. and Centurion Credit Funding LLC (19)
- 10.38 First Amendment to the Voting Agreement and Debt Conversion Agreement, dated May 29, 2012, by and among Blast Energy Services, Inc., Berg McAfee Companies, LLC and Clyde Berg (20)
- 10.39 Second Amendment to Senior Secured Promissory Note (First Tranche), dated May 29, 2012, by and between Blast Energy Services, Inc. and Centurion Credit Funding LLC (20)
- 10.40 Form of Lockup and Standstill Agreement, dated May 29, 2012, by and between Blast Energy Services and certain of its option and warrant holders (20)
- 10.41 Third Amendment to Senior Secured Promissory Notes (First and Second Tranche), dated August 30, 2012 by and among PEDEVCO Corp and Centurion Credit Funding LLC (21)
- 10.42 Secured Promissory Note of Pacific Energy Development Company LLC, dated February 14, 2011, issued by Frank Ingriselli (23)
- 10.43 Agreement on Joint Cooperation, dated April 27, 2011, by Pacific Energy Development Company LLC and South Texas Reservoir Alliance LLC (23)
- 10.44 Executive Employment Agreement, dated June 10, 2011, by Pacific Energy Development Corp and Frank Ingriselli (23)
- 10.45 Executive Employment Agreement, dated June 10, 2011, by Pacific Energy Development Corp and Clark Moore (23)
- 10.46 Secured Convertible Promissory Note, dated July 6, 2011, issued to Pacific Energy Development Corp by Global Venture Investments LLC (23)
- 10.47 Purchase and Sale Agreement, dated August 23, 2011, by Pacific Energy Development Corp, Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd. and Crain Energy, Ltd. (23)
- 10.48 Amendatory Letter Agreement No. 1 to Purchase and Sale Agreement, dated September 30, 2011, by and among Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd. and Crain Energy, Ltd., and Pacific Energy Development Corp. (23)
- 10.49 Amendatory Letter Agreement No. 2 to Purchase and Sale Agreement, dated October 27, 2011, by and among Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd., Crain Energy, Ltd., and Pacific Energy Development Corp. (23)
- 10.50 Amendatory Letter Agreement No. 3 to Purchase and Sale Agreement, dated October 31, 2011, by and among Esenjay Oil & Gas, Ltd., Winn Exploration Co.,

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Inc., Lacy Properties, Ltd., Crain Energy, Ltd., and Pacific Energy Development Corp. (23)

- 10.51 Consulting Agreement, dated September 19, 2011, by Pacific Energy Development Corp and South Texas Reservoir Alliance LLC (23)
- 10.52 Operating Agreement, dated October 31, 2011, by and between Condor Energy Technology LLC as Operator and the parties named therein (28)
- 10.53 Series A Convertible Preferred Stock Warrant, dated October 31, 2011, issued to Global Venture Investments LLC by Pacific Energy Development Corp (23)
- 10.54 Condor Energy Technology LLC Operating Agreement, dated October 31, 2011, by MIE Jurassic Energy Corporation and Pacific Energy Development Corp (23)
- 10.55 Consulting Agreement, dated November 26, 2011, by and between Condor Energy Technology LLC and South Texas Reservoir Alliance LLC (23)
- 10.56 Stock Purchase Agreement, dated December 16, 2011, by Pacific Energy Development Corp, the Shareholders of Excellong E&P-2, Inc., and Excellong, Inc. (23)
- 10.57 Executive Employment Agreement, dated January 6, 2012, by Pacific Energy Development Corp and Jamie Tseng (23)
- 10.58 Amendatory Letter Agreement to Stock Purchase Agreement, dated February 9, 2012, between Pacific Energy Development Corp., the Shareholders of Excellong E&P-2, Inc. and Excellong, Inc. (23)
- 10.59 Contract Operating Services Agreement, dated February 15, 2012, by and between South Texas Reservoir Alliance and Condor Energy Technology LLC (23)
- 10.60 Amendatory Letter Agreement No. 2 to Stock Purchase Agreement, dated February 29, 2012, between Pacific Energy Development Corp., the Shareholders of Excellong E&P-2, Inc. and Excellong, Inc. (23)
- 10.61 Amendatory Letter Agreement No. 3 to Stock Purchase Agreement, dated March 28, 2012, between Pacific Energy Development Corp., the Shareholders of Excellong E&P-2, Inc. and Excellong, Inc. (23)
- 10.62 Promissory Note, dated March 7, 2012, by Condor Energy Technology LLC in favor of MIE Jurassic Energy Corporation (23)
- 10.63 Form of Common Stock Warrant dated May 24, 2012, issued to MIE Jurassic Energy Corporation, May 24, 2012 (23)
- 10.64 White Hawk Petroleum, LLC Amended and Restated Operating Agreement, dated May 23, 2012, by MIE Jurassic Energy Corporation and Pacific Energy Development Corp. (23)
- 10.65 White Hawk Petroleum, LLC Membership Unit Purchase Agreement, dated May 23, 2012, by MIE Jurassic Energy Corporation, Pacific Energy Development and White Hawk Petroleum, LLC (23)
- 10.66 Consulting Services Agreement, effective June 1, 2012, by and between South Texas Reservoir Alliance and Condor Energy Technology LLC (23)
- 10.67 Gas Purchase Contract, effective as of June 1, 2012, between Condor Energy Technology, LLC and DCP Midstream, LP (23)
- 10.68 Promissory Note, dated June 4, 2012, by White Hawk Petroleum, LLC in favor of Pacific Energy Development Corp. (23)
- 10.69 Promissory Note, dated June 4, 2012, by White Hawk Petroleum, LLC in favor of MIE Jurassic Energy Corporation (23)
- 10.70 Executive Employment Agreement, dated June 16, 2012, by Pacific Energy Development Corp. and Michael Peterson (23)

10.71	Form of Common Stock Warrant, dated July 27, 2012 (23)
10.72	Form of Placement Agent Series A Preferred Stock Warrant, dated July 27, 2012 (23)
10.73	Purchase and Sale Agreement, dated July 26, 2012, by and among Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd., Crain Energy, Ltd., Ravco, Inc., Arentee Investments, Schibi Oil & Gas, Ltd., and Condor Energy Technology LLC (23)
10.74	Amendatory Letter Agreement No. 1 to Purchase and Sale Agreement, dated September 21, 2012, by and among Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd., Crain Energy, Ltd., Ravco, Inc., Arentee Investments, Schibi Oil & Gas, Ltd., and Condor Energy Technology LLC (23)
10.75	Form of Pacific Energy Development Corp Series A Preferred Stock Subscription Agreement (23)
10.76	Binding Strategic Cooperation Agreement, dated September 24, 2012, by PEDEVCO Corp and Guofa Zhonghai Energy Investment Co., Ltd.(22)
10.77	Promissory Note, dated September 24, 2012, by Condor Energy Technology LLC in favor of Pacific Energy Development Corp. (23)
10.78	Pacific Energy Technology Service, LLC Operating Agreement, dated October 4, 2012, by and between Pacific Energy Development Corp. and South Texas Reservoir Alliance LLC (23)
10.79	Fourth Amendment to Senior Secured Promissory Notes (First and Second Tranche), dated November 23, 2012, by and between Centurion Credit Funding LLC and PEDEVCO Corp. (24)
10.80	Closing Payment Extension Amendatory Letter Agreement, dated November 20, 2012, by and among PEDEVCO Corp, Esenjay Oil & Gas, Ltd., Winn Exploration Co., Inc., Lacy Properties, Ltd., and Crain Energy, Ltd. (24)
10.81	Term Assignment Evaluation Agreement, dated November 26, 2012, by and between Pacific Energy Development Corp. and MIE Jurassic Energy Corporation (26)
10.82	Amendment No. 1 to Employment Agreement, dated January 11, 2013, by and between PEDEVCO Corp. and Michael L. Peterson (27)
10.83	Amendment No. 1 to Employment Agreement, dated January 11, 2013, by and between PEDEVCO Corp. and Frank C. Ingriselli (27)
10.84	Amendment No. 1 to Employment Agreement, dated January 11, 2013, by and between PEDEVCO Corp. and Clark R. Moore (27)
10.85	Termination of Agreement for Purchase of Term Assignment; Agreement to Transfer Performance Deposit and Negotiate in Good Faith, dated February 8, 2013, by and among PEDEVCO Corp., Condor Energy Technology LLC, Berexco LLC, and Hinkle Law Firm LLC (29)
10.86	Secured Subordinated Promissory Note, dated February 14, 2013, by and between Pacific Energy Development Corp. and MIE Jurassic Energy Corporation (30)
14.1	Code of Ethics and Business Conduct (31)
21.1	List of Subsidiaries of PEDEVCO Corp.(32)
23.1	Consent of Ryder Scott Company, L.P.(32)
<u>31.1</u>	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
<u>31.2</u>	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
<u>32.1</u>	

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Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

99.1 Consent of Elizabeth P. Smith (32)

99.2 Consent of David C. Crikelair (32)

99.3 Report of Ryder Scott Company, L.P. for reserves at December 31, 2012 (32)

101.INS XBRL Instance Document**

101.SCH XBRL Taxonomy Extension Schema Document**

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document**

101.DEF XBRL Taxonomy Extension Definition Linkbase Document**

101.LAB XBRL Taxonomy Extension Label Linkbase Document**

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed with this Annual Report on Form 10-K/A.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Each document listed in this Exhibit Index that has been previously filed with the SEC is incorporated by reference into this Annual Report on Form 10-K/A.

- (1) Previously filed on May 31, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (2) Previously filed on August 2, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (3) Previously filed on March 6, 2008 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (4) Previously filed on November 20, 2003 as an exhibit to the Registrant's Report on Form 10-QSB incorporated herein by reference.
- (5) Previously filed on August 14, 2009 as an exhibit to the Registrant's Report on Form 10-Q incorporated herein by reference.
- (6) Previously filed on August 2, 2012 as an exhibit to the Registrant's Report on Form 8-K.
- (7) Previously filed on February 9, 2010 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (8) Previously filed on September 23, 2010 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (9) Previously filed on November 2, 2010 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (10) Previously filed on January 5, 2011 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (11) Previously filed on January 13, 2011 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (12) Previously filed on March 2, 2011 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (13) Previously filed on April 12, 2011 as an exhibit to the Registrant's Report on Form 10-K incorporated herein by reference.
- (14) Previously filed on August 22, 2011 as an exhibit to the Registrant's Report on Form 10-Q incorporated herein by reference.
- (15) Previously filed on November 14, 2011 as an exhibit to the Registrant's Report on Form 10-Q incorporated herein by reference.
- (16) Previously filed on December 27, 2011 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (17) Previously filed on January 20, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (18) Previously filed on May 18, 2012 as an exhibit to the Registrant's Report on Form 10-Q incorporated herein by reference.
- (19) Previously filed on April 16, 2012 as an exhibit to the Registrant's Report on Form 10-K incorporated herein by reference.
- (20) Previously filed on May 31, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (21) Previously filed on September 6, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (22) Previously filed on October 1, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (23) Previously filed on October 10, 2012 as an exhibit to the Registrants Registration Statement on Form S-1.
- (24) Previously filed on November 27, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (25) Previously filed on December 6, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.

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- (26) Previously filed on December 13, 2012 as an exhibit to the Registrant's Amendment No. 1 to Registration Statement on Form S-1 incorporated herein by reference.
- (27) Previously filed on January 16, 2013 as an exhibit to the Registrant's Amendment No. 2 to Registration Statement on Form S-1 incorporated herein by reference.
- (28) Previously filed on February 5, 2013 as an exhibit to the Registrant's Amendment No. 3 to Registration Statement on Form S-1 incorporated herein by reference.
- (29) Previously filed on February 12, 2013 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (30) Previously filed on February 19, 2013 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (31) Previously filed on August 8, 2012 as an exhibit to the Registrant's Report on Form 8-K incorporated herein by reference.
- (32) Previously filed on March 25, 2013 as an exhibit to the Registrant's Report on Form 10-K incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEDEVCO Corp.

Date: April 18, 2013

By: /s/ Frank C. Ingriselli
Frank C. Ingriselli
President and Chief Executive
Officer
(Principal Executive Officer)

Date: April 18, 2013

By: /s/ Michael L. Peterson
Michael L. Peterson
Executive Vice President and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Frank C. Ingriselli Frank C. Ingriselli	President, Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	April 18, 2013
/s/ Michael L. Peterson Michael L. Peterson	Chief Financial Officer, Executive Vice President and Director (Principal Financial and Accounting Officer)	April 18, 2013
/s/ Jamie Tseng Jamie Tseng	Senior Vice President and Director	April 18, 2013

EXPLANATORY NOTE

On April 11, 2013, the consolidated financial statements, for the period from January 1, 2012 through December 31, 2012, have been restated to properly classify the Company's issuance of 368,345 shares of Series A preferred stock to a related party as a stock subscriptions receivable rather than a note receivable.

In addition, the consolidated financial statements have been restated to properly present on the balance sheet and the statement of shareholders' equity the classification of Series A preferred stock issued and outstanding; the par value and additional paid in capital for the 1,666,667 shares of Series A preferred stock presented outside of shareholders' equity as the redemption of such shares is outside the control of the issuer.

F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
PEDEVCO Corp. (formerly Blast Energy Services, Inc.)
Danville, California

We have audited the accompanying consolidated balance sheet of PEDEVCO Corp. (formerly Blast Energy Services, Inc.) as of December 31, 2012 and the related consolidated statements of operations, shareholders' equity and cash flows for the year ended December 31, 2012. These consolidated financial statements are the responsibility of PEDEVCO Corp.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PEDEVCO Corp. as of December 31, 2012 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited the calculation of net loss per common share-basic and diluted for the period from February 9, 2011 (Inception) through December 31, 2011. In our opinion, the calculation of net loss per common share-basic and diluted is presented fairly in all material respects and in conformity with accounting principles generally accepted in the United State of America.

The accompanying consolidated financial statements have been prepared assuming that PEDEVCO Corp. will continue as a going concern. As discussed in Note 3 to the financial statements, the Company incurred a loss from continuing operations for the year ended December 31, 2012 and has an accumulated deficit at December 31, 2012 which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 3. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

As discussed in Note 5 under the caption "2012 Restatements," these consolidated financial statements have been restated to correct for certain errors related to the Company's classification of stock subscriptions receivable and presentation of redeemable preferred stock.

/s/ GBH CPAs, PC

GBH CPAs, PC

www.gbhcpas.com

Houston, Texas

March 22, 2013, except for Note 5 under the caption "2012 Restatements" as to which the date is April 18, 2013.

F-2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Board of Directors
Pacific Energy Development Corporation
4125 Blackhawk Plaza Circle, Suite 201A
Danville, CA 94506

We have audited the accompanying consolidated balance sheet of Pacific Energy Development Corporation and its subsidiary (the "Company") as of December 31, 2011, and the related consolidated statements of operations, stockholders' equity and cash flows for the period from February 9, 2011 (Inception) to December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, before the addition of loss per share, present fairly, in all material respects, the financial position of the Company as of December 31, 2011, and the results of its operations and its cash flows for the period from February 9, 2011 (Inception) through December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the loss per share calculation for the period from February 9, 2011 (Inception) through December 31, 2011 and, accordingly, we do not express an opinion or any other form of assurance in regards to the loss per share calculation. This amount was audited by other auditors.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has incurred net losses from operations and has no revenue producing activities at December 31, 2011. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

As discussed in Note 5 under the caption "Initial Restatement", these financial statements have been restated to correct for certain errors related to the Company's accounting for its deferred costs and equity method investment.

As discussed in Note 5 under the caption "Second Restatement", these financial statements have been restated to adjust the Company's accounting related to the issuance of a fully-vested non-forfeitable stock award. We were engaged to audit the restatement adjustments in accordance with the standards of the Public Company Accounting Oversight Board. We audited the adjustments necessary to restate these financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

/s/ SingerLewak, LLP

SingerLewak, LLP

San Francisco, California

March 27, 2012, except for Note 5 under the caption "Initial Restatement" as to which the date is May 23, 2012 and except for Note 5 under the caption "Second Restatement" as to which the date is December 12, 2012

F-3

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PEDEVCO CORP.
(FORMERLY BLAST ENERGY SERVICES, INC.)
CONSOLIDATED BALANCE SHEETS

Assets	December 31, 2012 (Restated)	December 31, 2011 (Restated)
Current assets:		
Cash	\$ 2,478,250	\$ 176,471
Accounts receivable – oil and gas	16,571	-
Accounts receivable – oil and gas - related party	112,488	302,315
Accounts receivable – related party	83,064	-
Deferred merger costs	-	111,828
Prepaid expenses and other current assets	133,900	26,533
Total current assets	2,824,273	617,147
Oil and gas properties:		
Oil and gas properties, subject to amortization, net	2,420,688	-
Oil and gas properties, not subject to amortization, net	925,382	1,724,234
Total oil and gas properties, net	3,346,070	1,724,234
Equipment, net of accumulated depreciation	87,883	4,694
Notes receivable – related parties	2,786,064	-
Investments – equity method	2,098,334	588,453
Investments – cost method	4,100	4,100
Total assets	\$ 11,146,724	\$ 2,938,628
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 132,243	\$ 145,428
Accounts payable – related party	922,112	-
Accrued expenses	1,449,014	1,904,647
Accrued expenses – related party	36,168	-
Notes payable – related party	2,170,065	-
Total current liabilities	4,709,602	2,050,075
Long-term liabilities:		
Asset retirement obligations	59,298	-
Total liabilities	4,768,900	2,050,075
Commitments and contingencies		
Redeemable Series A convertible preferred stock: 1,667,667 shares issued and outstanding	1,250,000	-

Shareholders' equity:

Series A convertible preferred stock, \$0.001 par value, 100,000,000 shares authorized, 18,704,527 and 6,666,667 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively	18,704	6,667
Common stock, \$0.001 par value, 200,000,000 shares authorized; 21,550,491 and 15,502,261 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively	21,551	15,503
Stock subscriptions receivable	(276,326)	
Additional paid-in capital	18,140,583	1,630,060
Accumulated deficit	(12,776,688)	(763,677)
Total shareholders' equity	5,127,824	888,553
Total liabilities and shareholders' equity	\$ 11,146,724	\$ 2,938,628

See accompanying notes to consolidated financial statements.

PEDEVCO CORP.
(FORMERLY BLAST ENERGY SERVICES, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Year Ended December 31, 2012 and for the
Period from February 9, 2011 (Inception) through December 31, 2011

	For the Year Ended December 31, 2012	Period from February 9, 2011 (Inception) through December 31, 2011 (Restated)
Revenue:		
Oil and gas sales	\$503,153	\$-
Operating expenses:		
Lease operating costs	281,103	-
Selling, general and administrative expense	3,729,525	717,130
Impairment of goodwill	6,820,003	-
Impairment of oil and gas properties	180,262	-
Depreciation, depletion, amortization and accretion	131,332	662
Loss on settlement of payables	139,874	-
Total operating expenses	11,282,099	717,792
Gain on sale of equity method investments	64,168	-
Loss from equity method investments	(357,612)	(25,875)
Operating loss	(11,072,390)	(743,667)
Other income (expense):		
Interest expense	(986,248)	(12,912)
Interest income	36,359	-
Other expense	-	(7,098)
Gain on debt extinguishment	9,268	-
Total other expense	(940,621)	(20,010)
Net loss	\$(12,013,011)	\$(763,677)
Net loss per common share:		
Basic and diluted	\$(0.65)	\$(0.06)
Weighted average common shares outstanding:		
Basic and diluted	18,615,071	12,073,407

See accompanying notes to consolidated financial statements.

PEDEVCO CORP.
(FORMERLY BLAST ENERGY SERVICES, INC.)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from February 9, 2011 (Inception) through December 31, 2012

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Deficit	Totals
	Shares	Amount	Shares	Amount				
Balances at February 9, 2011	-	\$-	-	\$-	\$-		\$-	\$-
Issuance of common stock for cash	-	-	10,420,000	10,420	-		-	10,420
Issuance of common stock for interest in Rare Earth JV	-	-	4,100,000	4,100	-		-	4,100
Issuance of Series A preferred stock for cash	4,266,667	4,267	-	-	738,421			