



Blue Dolphin Energy Company

Ready for Today,
Preparing for Tomorrow

December 2009



Outline

- Mission Statement
- Overview
- Corporate Structure
- Asset Profile
- Financials
- Position
 - Recent History
 - Present Focus
 - Midstream Market
- Business Characteristics
- Depth & Experience
- Acquisition & Development Plan
- Contact Information



Mission *Statement*

*Build a Profitable and Sustainable Asset Based Energy Business
Using our Operating, Marketing and Management Talent.*



Overview

- NASDAQ Listed (Ticker – BDCO)
- 20+ Years in Operation
 - Incorporated in 1986
 - Principle Management Team Since 1989
- Locations/Employees:
 - Headquarters: Houston, Texas (5)
 - Field Office: Freeport, Texas (1)
- Business Segments:
 - Pipeline Transportation and Related Services; and
 - Oil and Gas Exploration and Production
- Pipeline Throughput ~ 29 MMcf of Gas/Day
- Pipeline Ownership Interest – 83%

Market Data *(in Millions)*

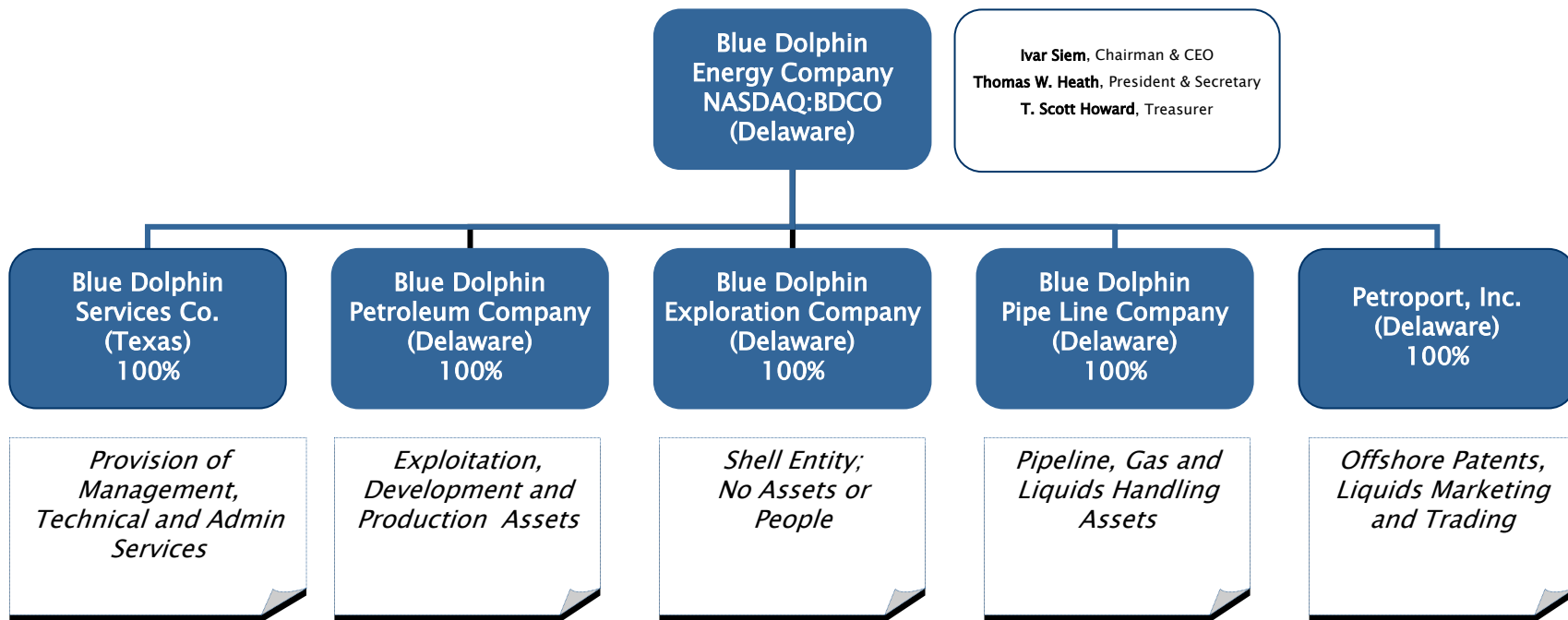
Share Price (11/2/09)	\$0.39
Shares Outstanding	11.83
Market Cap	\$4.61



Source: Google Finance

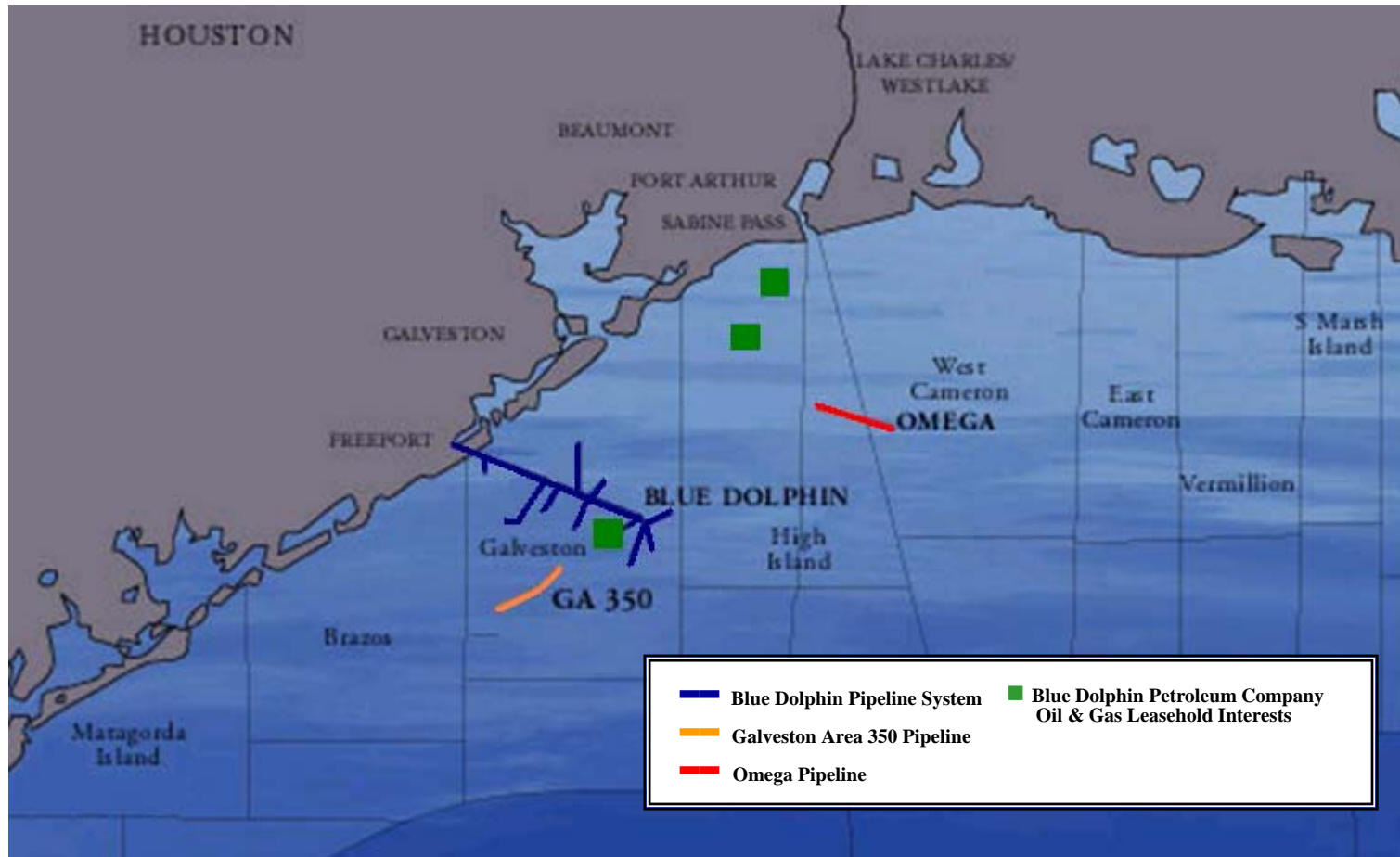


Corporate *Structure*





Asset Profile





Blue Dolphin *Freeport*

Area of Operations



Freeport Facilities

General Info

- **Acreage:**
 - 360 Acres (110 Acres Behind Hurricane Levee)
- **Barge Loading Terminal:**
 - Intracoastal Waterway (Berth Capacity 40,000/Bbl)
- **External Vapor Recovery System**
- **Centrifugal Pumps: 2– 1 800 BPH**
- **Above–Ground Storage Tanks:**
 - 1– 15,000 Bbl, 2– 20,000 Bbl & 1– 30,000 Bbl
- **Pipelines:**
 - 20” Natural Gas, Crude Oil and Condensate Line from Offshore GOM to Separation and Dehydration
 - 16” Natural Gas Line from Onshore Facilities to Chemical Plant
 - 8” Crude Oil/Condensate Line from Above–Ground Storage Tanks to Barge Terminal (Buccaneer P/L)
- **Stabilization Auxiliary**
- **Truck Rack Site**



Blue Dolphin *Pipeline System*

Area of Operations



Gathering Assets

General Info

➤ Blue Dolphin Pipeline:

38 Miles of 20" Pipe from an Offshore Platform in GA Block 288 to Onshore Facilities in Freeport, Texas and 2 Miles of 16" Pipe to the Dow Chemical Plant Complex in Freeport, Texas

- System Capacity: 180 MMcf of Gas/Day
- Ownership Interest: 83%
- Operator: Blue Dolphin

➤ Buccaneer Pipeline:

2 Miles of 8" Pipe from Onshore Facilities to Oil Barge Loading Facility on Gulf Intracoastal Waterway near Freeport, Texas

- System Capacity: 43 MBbl of Oil/Day
- Ownership Interest: 83%
- Operator: Blue Dolphin



GA 350 & Omega Pipelines

Area of Operations



Gathering Assets

General Info

➤ GA 350:

13 Miles of 18" Pipe from GA Block 350 to a Sub Sea Interconnect to the William's Central Texas System in GA Block 391

- System Capacity: 65 MMcf of Gas/Day
- Ownership Interest: 83%
- Operator: Blue Dolphin

➤ Omega:

18 Miles of 12" Pipe Extending from WC Block 342 to HI Area, East Addition Block A-173

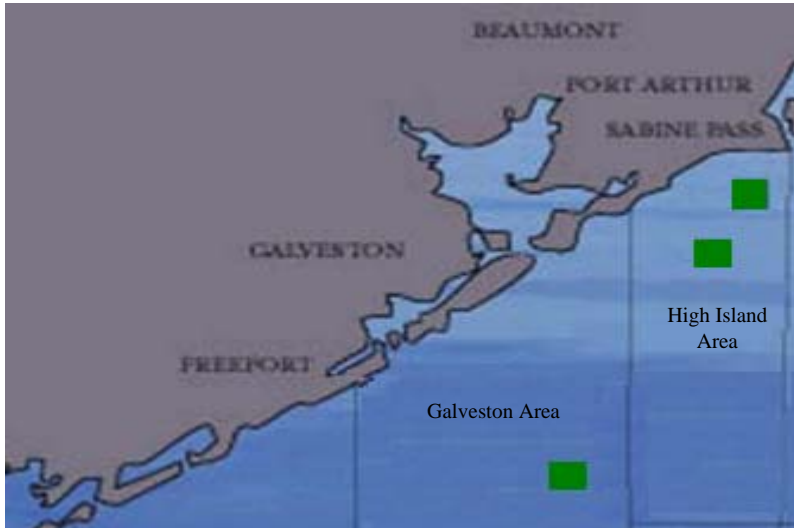
- System Capacity: 110 MMcf of Gas/Day
- Ownership Interest: 83%
- Operator: Blue Dolphin



Blue Dolphin Petroleum Company

Oil and Gas *Leasehold Interests*

Area of Operations



Oil & Gas Production

General Info

➤ Galveston 321:

- Overriding Royalty Interest: 0.5%
- Operator: Maritech Resources

➤ High Island 115:

- Working Interest: 2.5%
- Operator: Republic Petroleum

➤ High Island 37:

- Working Interest: 2.9%
- Operator: Hilcorp Energy



Balance Sheet

	9/30/09	6/30/09	3/31/09	12/31/08	12/31/07	12/31/06	12/31/05	12/31/04
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 1,164,921	\$ 2,747,751	\$ 3,546,118	\$ 3,864,876	\$ 5,226,779	\$ 5,499,147	\$ 1,297,088	\$ 1,560,549
Accounts receivable	462,161	436,105	433,745	442,715	693,977	1,174,319	1,602,296	316,364
Loan receivable	2,000,000	-	-	-	-	-	-	-
Prepaid expenses and other current assets	279,512	670,784	230,724	436,242	508,517	337,167	182,577	191,394
Total Current Assets	3,906,594	3,854,640	4,210,587	4,743,833	6,429,273	7,010,633	3,081,961	2,068,307
Property and Equipment:								
Oil and gas properties (full cost method)	1,086,733	1,086,733	1,086,650	1,286,700	751,175	715,970	549,720	517,210
Pipelines	4,659,686	4,659,686	4,659,686	4,659,686	4,659,686	4,575,295	4,543,782	4,547,362
Onshore separation and handling facilities	1,919,402	1,919,402	1,919,402	1,919,402	1,919,402	1,919,402	1,688,232	1,664,128
Land	860,275	860,275	860,275	860,275	860,275	860,275	860,275	860,275
Other property and equipment	302,813	302,813	302,813	290,313	279,468	269,192	264,428	253,758
Total Property and Equipment	8,828,909	8,828,909	8,828,826	9,016,376	8,470,006	8,340,134	7,906,437	7,842,733
Accumulated depletion, depreciation and amortization	4,890,561	4,757,199	4,622,972	4,494,059	3,966,087	3,428,268	2,926,210	2,518,932
	3,938,348	4,071,710	4,205,854	4,522,317	4,503,919	4,911,866	4,980,227	5,323,801
Other Assets	9,463	9,463	9,463	9,463	10,640	21,999	11,359	11,359
TOTAL ASSETS	\$ 7,854,405	\$ 7,935,813	\$ 8,425,904	\$ 9,275,613	\$ 10,943,832	\$ 11,944,498	\$ 8,073,547	\$ 7,403,467
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current Liabilities:								
Accounts payable	\$ 234,328	\$ 394,037	\$ 418,312	\$ 389,268	\$ 432,974	\$ 264,684	\$ 394,765	\$ 740,907
Accrued expenses and other liabilities	421,123	32,623	25,130	9,593	109,628	93,661	64,456	43,861
Notes payable - insurance	143,930	215,895	-	-	-	-	450,000	750,000
Long-term debt-current portion	-	-	-	-	-	-	120,000	130,000
Current portion of asset retirement obligations	-	-	-	-	262,187	-	-	-
Current portion of other long-term liabilities	25,996	25,996	25,996	25,996	25,996	-	-	-
Total Current Liabilities	825,377	668,551	469,438	424,857	830,785	358,345	1,029,221	1,664,768
Long-term debt	-	-	-	-	-	-	500,000	620,000
Interest payable	-	-	-	-	-	-	-	132,368
Asset retirement obligations, net of current portion	2,234,576	2,206,990	2,206,265	2,183,190	1,831,520	2,014,408	1,756,269	1,621,729
Other long-term liabilities, net of current portion	-	25,996	25,996	25,996	51,992	-	-	-
Total Long Term Liabilities	2,234,576	2,232,986	2,232,261	2,209,186	1,883,512	2,014,408	2,256,269	2,374,097
TOTAL LIABILITIES	3,059,953	2,901,537	2,701,699	2,634,043	2,714,297	2,372,753	3,285,490	4,038,865
Commitments and contingencies								
Common Stock	118,270	117,853	117,453	116,912	116,104	115,555	99,393	68,637
Additional Paid-in Capital	32,718,585	32,637,440	32,577,520	32,495,417	32,117,950	31,835,137	27,980,475	27,129,162
Accumulated Deficit	(28,042,403)	(27,721,017)	(26,970,768)	(25,970,759)	(24,004,519)	(23,378,947)	(23,291,811)	(23,833,197)
	4,794,452	5,034,276	5,724,205	6,641,570	8,229,535	9,571,745	4,788,057	3,364,602
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 7,854,405	\$ 7,935,813	\$ 8,425,904	\$ 9,275,613	\$ 10,943,832	\$ 11,944,498	\$ 8,073,547	\$ 7,403,467



Income Statement

	Three Months Ended			Twelve Months Ended				
	9/30/09	6/30/09	3/31/09	12/31/08	12/31/07	12/31/06	12/31/05	12/31/04
Revenue from operations:								
Pipeline operations	\$ 442,249	\$ 548,636	\$ 514,759	\$ 2,448,831	\$ 2,494,406	\$ 1,939,894	\$ 1,375,173	\$ 1,014,137
Oil and gas sales	42,269	44,075	21,946	540,579	517,411	2,358,814	3,136,010	421,509
Total Revenue	484,518	592,711	536,705	2,989,410	3,011,817	4,298,708	4,511,183	1,435,646
Cost of operations:								
Pipeline operating expenses	309,695	491,461	466,260	1,722,642	1,788,288	1,126,539	1,081,563	1,078,665
Lease operating expenses	29,731	674	48,031	243,450	240,317	457,312	155,174	134,313
Depletion, depreciation and amortization	133,362	134,227	128,913	527,972	554,704	502,058	403,217	432,766
Impairment of oil and gas properties	-	-	203,110	213,563	-	-	-	-
Stock-based compensation	-	-	62,644	-	-	-	-	-
General and administrative	434,721	691,074	602,194	2,251,771	2,178,276	1,773,102	2,608,511	2,387,601
Accretion expense	27,586	27,919	27,918	108,020	120,384	107,589	100,308	96,542
Total Cost of Operations	935,095	1,345,355	1,539,070	5,067,418	4,881,969	3,966,600	4,348,773	4,129,887
Income (Loss) from Operations	(450,577)	(752,644)	(1,002,365)	(2,078,008)	(1,870,152)	332,108	162,410	(2,694,241)
Other income (expense):								
Interest and other expense	-	-	-	-	-	(42,224)	(124,294)	(426,973)
Gain on sale of assets	-	-	-	-	-	-	140,409	371,340
Interest and other income	129,191	2,395	2,356	120,069	248,637	137,659	375,966	345,656
Gain on extinguishment of debt	-	-	-	-	-	500,000	-	-
Equity in income (loss) of affiliate	-	-	-	(1,886)	-	-	-	(96,116)
Income (Loss) Before Income Taxes	(321,386)	(750,249)	(1,000,009)	(1,959,825)	(1,621,515)	927,543	554,491	(2,500,334)
Income taxes	-	-	-	(6,415)	(4,057)	(14,679)	(13,105)	-
Net income (loss)	\$ (321,386)	\$ (750,249)	\$ (1,000,009)	\$ (1,966,240)	\$ (1,625,572)	\$ 912,864	\$ 541,386	\$ (2,500,334)
EBITDA	\$ (160,438)	\$ (588,103)	\$ (843,178)	\$ (1,323,833)	\$ (946,427)	\$ 1,579,414	\$ 1,182,310	\$ (1,544,053)



Large Customers

Customers Exceeding 10% of Blue Dolphin's Revenue:

	Oil & Gas Sales	Pipeline Operations	Total	%
Year Ended December 31, 2008:				
Arena Offshore	\$ -	\$ 513,634	\$ 513,634	17%
W&T Offshore	\$ -	\$ 488,083	\$ 488,083	16%
Gryphon Exploration Co.	\$ -	\$ 367,153	\$ 367,153	12%
Apex Oil & Gas	\$ -	\$ 338,836	\$ 338,836	11%
Year Ended December 31, 2007:				
Apex Oil & Gas	\$ -	\$ 809,420	\$ 809,420	27%
W&T Offshore	\$ -	\$ 519,866	\$ 519,866	17%
Gryphon Exploration Co.	\$ -	\$ 341,406	\$ 341,406	11%



Market *Data*

Average Volume (3 Month):	41,703.1
52 Week Range (per Share):	\$0.26–\$0.79
Shares Outstanding:	11.83M
Float:	8.86M
% Held by Insiders:	30.27%
% Held by Institutions:	7.00%
Shares Short:	3.48K
Short % of Float:	N/A
Shares Short (Prior Month):	1.92K



Recent *History*

- **Satisfied Liquidity and Capital Needs**
 - Raised \$3.8MM in Net Proceeds in 2 Private Placements through PIPE Fundraising (2006)
- **Increased Return from Existing Assets**
 - Added New Shippers on Blue Dolphin Pipeline System and GA 350 Pipeline
- **Managed Costs**
 - Continued Efficiency Improvements



Present *Focus*

- **Increase Return from Underutilized Pipelines, Tanks and Land**
 - 20" Tie-in to Freeport LNG 42" Pipeline Available for Gas Receipts
 - Modifications to Tank and Onshore Pipe Configuration to Expand Flexibility Terminal
- **Acquire Strategic Assets**
 - Expand Pipeline Gathering Footprint in Western Gulf of Mexico
 - Increase Producing Oil and Gas Properties
 - Explore Other Possible Terminal/Tankage Opportunities
- **Continue Cost Reduction Measures to Further Improve Efficiency**



Business *Characteristics*

- Fixed Cost Business with Low Variable Expense
- Modest Capital Requirements to Generate Additional Revenue
- Participation in Exploration Upside without Exploratory Drilling Risk
- No Merchant Price Risk
- Protected from Competition by High Replacement Cost



Depth & *Experience*

➤ **Ivar Siem, *Chairman & Chief Executive Officer***

Mr. Siem has served as Chairman of the Board of Directors since 1989 and was appointed as Chief Executive Officer in 2004. Since 2000, he has also served as Chairman of the Board of Directors and President of Drillmar, Inc., a well construction and intervention company. From 1995 to 2000, Mr. Siem served on the Board of Directors of Grey Wolf, Inc., during which time he served as Chairman from 1995 to 1998 and as interim President in 1995 during its restructuring. Since 1981, he has been an international consultant in energy, technology and finance. From 1974 to 1981, Mr. Siem managed the oil and gas interests of Fred. Olsen and from 1977 he managed their drilling operation, Dolphin International, Inc. Mr. Siem holds a Bachelor of Science in Mechanical Engineering from the University of California, Berkeley, and has completed an executive MBA program at Amos Tuck School of Business, Dartmouth, University.

➤ **Thomas W. Heath, *President & Secretary***

Mr. Heath was appointed President, Assistant Treasurer and Secretary in 2009. He served as Executive Vice President from 2007 to 2009. From 2004 to 2007, he served as a Vice President of Union Bank of California, N.A., an affiliate of Bank of Tokyo-Mitsubishi UFJ, Ltd., where he developed and implemented an energy derivatives desk supporting Energy Capital Services. From 1988 to 2004, Mr. Heath held a variety of management and executive level positions with the evolving marketing units of Acadian Gas Pipeline System, Coral Energy, L.P. (formerly Shell Trading Gas & Power), Sempra Energy Trading Corp. and Tejas Gas Corporation. Mr. Heath began his career in 1983 with Columbia Gulf Transmission Company where he served in various operational and commercial positions until 1988. He is an alumnus from the University of Houston.

➤ **T. Scott Howard, *Treasurer***

Mr. Howard was appointed as Treasurer in 2009 and as Assistant Secretary in 2008. He served as Accounting Manager from 2006 to 2009. From 1996 to 2006, he held a variety of management level accounting positions: Audit Manager with DRDA, P.C., an independent public accounting firm in Houston, Texas from 2002 to 2006; Trust Officer with Frost National Bank in Houston, Texas from 2000 to 2002; and Controller for Hall's Insurance Agency, Inc. in Dickinson, Texas from 1996 to 2000. He began his career in 1994 as a Staff Accountant for Griffin, Iles, Masel & Duval, LLP, a public accounting firm, until 1996. Mr. Howard, a Certified Public Accountant in Texas, received his Bachelor of Business Administration in Accounting from St. Edward's University.



Depth & *Experience* (Continued)

➤ **Larry J. Turpin, *Manager of Pipelines and Terminals***

Mr. Turpin has served as Manager of Pipelines and Terminals on a consultant basis since 2003. He has more than 30 years of engineering and operational experience associated with the midstream sector of the energy industry having held a variety of project management positions: from 1999 to 2003 he served as Director/Vice President of Engineering Operations for the Company; from 1995 to 1999 he was Construction Manager for Equitable Resources Energy Company; from 1992 to 1995 he was Director of Project Development for Equitable Pipeline Company; from 1988 to 1992 he was Director of Engineering and Construction for All American Pipeline Company; from 1985 to 1988 he was President of Turpin Engineering Corporation, a company he founded; from 1981 to 1985 he was Design/Project Manager for Gruy Pipeline Engineering; and from 1977 to 1981 he was Field Project Engineer for United Gas Pipeline Company. Mr. Turpin, a licensed professional engineer in Texas, received his Bachelor of Science Degree in Civil Engineering from Louisiana Tech University and his Master of Business Administration from the University of Texas at Tyler.

➤ **William J. Driscoll, *Manager of Geology***

Mr. Driscoll has been associated with the energy industry since 1961, having served in various technical and management capacities in oil and gas exploration and production. Since 2007, he has served as Manager of Geology on a consultant basis. Prior to working as a consultant, he served as Manager of Geology for Blue Dolphin Energy Company from 1991 until his retirement. From 1985 to 1990, he provided consulting services to the energy industry. From 1972 to 1985, he served as Division Manager and Vice President of Geology for Florida Exploration Co., where he was responsible for planning and carrying out extensive onshore and offshore exploration and development programs. Mr. Driscoll began his career with Chevron Oil Company in 1961 having held various geological and geophysical positions until 1972. Mr. Driscoll received his Bachelor of Science and Master of Science in Geology from Southern Methodist University.

➤ **Alvin W. Childs, *Production Superintendent***

Mr. Childs has served as Production Superintendent of pipeline operations since 1992. He has more than 30 years of experience in onshore and offshore oil well services, particularly completions, workovers, wireline and production, as well as all phases of natural gas processing, transportation and storage. Having successfully served as Field Superintendent for several oil and gas companies in Texas and Louisiana, including Damson Oil Corporation, Hamilton Brothers Oil Company, Delta Energy Resources, GHR Energy and Coastal Production Services, Mr. Childs has a proven safety track record that emphasizes the proper training of employees and contractors. He holds certifications in offshore well control and production, oil spill management, hydrogen sulphide safety, fire safety and CPR.



Acquisition & Development *Plan*

- Acquire Gathering, Transportation, Processing and Storage Assets Along Gulf Coast (Onshore and Offshore) Creating a Market Area “Franchise”
- Co-Develop Current Prospect Inventory with Strategic Partners
- Expand Pipeline, Storage and Distribution Activities at Onshore Facilities



Contact *Information*

Blue Dolphin Energy Company
801 Travis Street, Suite 2100, Houston, Texas 77002
713-568-4725 • Fax (713) 227-7626
www.blue-dolphin.com

Ivar Siem	Chairman & Chief Executive Officer	ivar.siem@blue-dolphin.com
Thomas W. Heath	President & Secretary	tom.heath@blue-dolphin.com
T. Scott Howard	Treasurer (Principal Accounting and Financial Officer)	scott.howard@blue-dolphin.com
Larry J. Turpin	Manager of Pipelines and Terminals	larry.turpin@blue-dolphin.com
William J. Driscoll	Manager of Geology	william.driscoll@blue-dolphin.com



Cautionary *Statements*

Certain of the statements included in this document, including those regarding future financial performance or results or that are not historical facts, are "forward-looking" statements as that term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words "expect", "plan", "believe", "anticipate", "project", "estimate" and similar expressions are intended to identify forward-looking statements. Blue Dolphin Energy Company (referred to herein, with its predecessors and subsidiaries, as "Blue Dolphin", "we", "us" and "our") cautions readers that these statements are not guarantees of future performance or events and such statements involve risks and uncertainties that may cause actual results and outcomes to differ materially from those indicated in forward-looking statements. Some of the important factors, risks and uncertainties that could cause actual results to vary from forward-looking statements include:

- oil and gas price volatility;*
- the level of production from oil and gas properties;*
- actions or inactions of third party operators for properties where we have an interest;*
- the risks associated with exploration and production;*
- operating hazards, including those specific to the marine environment;*
- uncertainties in the estimation of proved reserves and in the projection of future rates of production and timing of development expenditures;*
- the level of utilization of our pipelines;*
- availability and cost of capital;*
- integration of acquired operations and/or assets;*
- regulatory developments;*
- the global financial crisis; and*
- general economic conditions.*