

ABRAXAS PETROLEUM CORP

Form 4

May 26, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB
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if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
WALLACE WILLIAM H2. Issuer Name **and** Ticker or Trading
Symbol
ABRAXAS PETROLEUM CORP
[ABP]5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)

POX BOX 1568

(Street)

BLANCO, TX 78606

(City) (State) (Zip)

3. Date of Earliest Transaction
(Month/Day/Year)
05/25/20064. If Amendment, Date Original
Filed(Month/Day/Year)☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify
below)

Vice President - Operations

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Abraxas Petroleum Common Stock	05/25/2006		M		10,000	A	\$ 0.66
					24,416	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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information contained in this form are not
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(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Security (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of S
Employee Stock Options	\$ 0.66	05/25/2006		M			10,000	<u>(3)</u>	<u>(2)</u>	Abraxas Petroleum Common Stock	10
Employee Stock Options	\$ 0.66	05/25/2006		A			50,000	<u>(1)</u>	09/13/2015	Abraxas Petroleum Common Stock	50

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
WALLACE WILLIAM H PO BOX 1568 BLANCO, TX 78606	Vice President - Operations

Signatures

William H.
Wallace 05/25/2006

__Signature of
Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The options vest in 4 equal installments beginning 9/13/2006

(2) Options expire at various dates from November 20, 2006 through November 19, 2008.

(3) Options are exercisable at various dates from November 20, 1997 through November 19, 2008

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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