

BILLINGSLEY LEE T
 Form 4
 July 16, 2009

FORM 4

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

OMB APPROVAL

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Check this box 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 *
BILLINGSLEY LEE T

2. Issuer Name and Ticker or Trading Symbol
**ABRAXAS PETROLEUM CORP
 [AXAS]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
18803 MEISNER DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
07/15/2009

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP - Exploration

SAN ANTONIO, TX 78258
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

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 (D) Price | | | |
| ABRAXAS PETROLEUM COMMON STOCK | 07/15/2009 | | M | 30,000 A \$ 0.66 | 147,833 | D | |
| ABRAXAS PETROLEUM COMMON STOCK | | | | | 2,500 | I | RETIREMENT ACCOUNT |
| ABRAXAS PETROLEUM COMMON STOCK | | | | | 23,125 | I | 401-K |

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

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(9-02)

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 of Underlying Security (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| EMPLOYEE STOCK OPTION | \$ 0.66 | 07/15/2009 | | M | 30,000 | 11/18/2003 | 11/18/2009 | ABRAXAS PETROLEUM COMMON STOCK |
| EMPLOYEE STOCK OPTION | \$ 0.66 | | | | | 03/23/2005 | 03/23/2011 | ABRAXAS PETROLEUM COMMON STOCK |
| EMPLOYEE STOCK OPTION | \$ 0.65 | | | | | 11/22/2006 | 11/22/2012 | ABRAXAS PETROLEUM COMMON STOCK |
| EMPLOYEE STOCK OPTION | \$ 0.68 | | | | | 04/24/2007 | 04/24/2013 | ABRAXAS PETROLEUM COMMON STOCK |
| EMPLOYEE STOCK OPTION | \$ 4.59 | | | | | 09/13/2009 | 09/13/2015 | ABRAXAS PETROLEUM COMMON STOCK |
| EMPLOYEE STOCK OPTION | \$ 3.6 | | | | | <u>(1)</u> | 08/28/2007 | ABRAXAS PETROLEUM COMMON STOCK |
| EMPLOYEE STOCK OPTION | \$ 0.99 | | | | | <u>(1)</u> | 03/17/2019 | ABRAXAS PETROLEUM COMMON STOCK |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------|-------|
| | Director | 10% Owner | Officer | Other |
| BILLINGSLEY LEE T 18803 MEISNER DRIVE SAN ANTONIO, TX 78258 | | | VP - Exploration | |

Signatures

| | |
|--|---------------------|
| Lee T. Billingsley | 07/16/2009 |
| <small>**Signature of Reporting Person</small> | <small>Date</small> |

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) Options vest at 25% per year for four years beginning one year after the grant date.

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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