ABRAXAS PETROLEUM CORP
Form 424B5
June 12, 2014
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-188110

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectuses are not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED JUNE 12, 2014

PROSPECTUS SUPPLEMENT
(To Prospectus dated June 13, 2013)

ABRAXAS PETROLEUM CORPORATION

10,000,000 Shares

Common Stock

We are offering 10,000,000 shares of our common stock. Our common stock is listed on The NASDAQ Stock Market under the symbol AXAS. The last reported sale price of our common stock on June 11, 2014 was $5.14 per share.

Investing in our common stock involves risks. See Risk Factors on page S-12 of this prospectus supplement, on page 2 of the accompanying prospectus and in our reports filed with the Securities and Exchange Commission which are incorporated by reference herein for a description of various risks you should consider in evaluating an investment in our shares.

	Public Offering Price	Underwriting Discounts and Commissions(1)	Proceeds, Before Expenses, to Us
Total	$	$	$
Per Share	$	$	$

(1) Please read Underwriting for a description of all underwriting compensation payable in connection with this offering.

The underwriters may also purchase up to an additional 1,500,000 shares of common stock from us at the public offering price above, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities described herein or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on or about , 2014 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Stephens Inc.	**Canaccord Genuity**	**Baird**

Senior Co-Manager

Global Hunter Securities

Co-Managers

Johnson Rice & Company L.L.C.	**Ladenburg Thalmann**	**SunTrust Robinson Humphrey**
Euro Pacific Capital	**KLR Group, LLC**	**SOCIETE GENERALE**

The date of this prospectus supplement is , 2014

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common stock, adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information about the securities we may offer from time to time, some of which may not apply to this offering. The accompanying prospectus was filed as part of our registration statement on Form S-3 (Registration No. 333-188110) with the Securities and Exchange Commission (the SEC) on May 31, 2013. Generally, when we use the term prospectus, we are referring to both parts of this document combined. We urge you to carefully read this prospectus supplement, the information incorporated by reference, the accompanying prospectus, and any free writing prospectus that we authorize to be distributed to you before buying any of the securities being offered under this prospectus supplement. This prospectus supplement may supplement, update, or change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference herein or therein, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference herein and therein.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in any written communication from us or the underwriters, including any free writing prospectus. We and the underwriters have not authorized anyone to provide you with different information. We and the underwriters are not making an offer of these securities in any state where the offer or sale is not permitted. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. None of Abraxas Petroleum Corporation, the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment decision in our common stock by you under applicable laws. You should not assume that the information provided by this prospectus supplement, the accompanying prospectus, or the documents incorporated by reference in this prospectus supplement and in the accompanying prospectus is accurate as of any date other than its respective date. Our business, financial condition, results of operations, and prospects may have changed since those dates.

Before you invest in our common stock, you should carefully read the registration statement (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, as well as this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The incorporated documents are described in this prospectus supplement under the heading Where You Can Find More Information.

When used in this prospectus supplement, the terms Abraxas, the Company, we, our and us refer to Abraxas Petroleum Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires. We have provided definitions for some of the oil and gas industry terms used in this prospectus supplement in the section entitled Glossary of Terms.

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FORWARD-LOOKING INFORMATION

We make forward-looking statements throughout this prospectus supplement, the accompanying prospectus and the documents included or incorporated by reference. Whenever you read a statement that is not a statement of historical fact (such as statements including words like believe, expect, anticipate, intend, plan, seek, estimate, cou or similar expressions), you must remember that these are forward-looking statements, and that our expectations may not be correct, even though we believe they are reasonable. The forward-looking information contained in this prospectus supplement, the accompanying prospectus or in the documents included or incorporated by reference is generally located in the material set forth under the headings Prospectus Supplement Summary, Risk Factors, Business, Properties and Management s Discussion and Analysis of Financial Condition and Results of Operations bu may be found in other locations as well. These forward-looking statements generally relate to our plans and objectives for future operations and are based upon our management s reasonable estimates of future results or trends. The factors that may affect our expectations regarding our operations include, among others, the following:

- the prices we receive for our production and the effectiveness of our hedging activities;
- our success in development, exploitation and exploration activities;
- the availability of capital;
- our ability to make planned capital expenditures;
- declines in our production of oil and gas;
- our ability to procure services and equipment for our drilling and completion activities;
- our restrictive debt covenants;
- political and economic conditions in oil producing countries, especially those in the Middle East;
- price and availability of alternative fuels;
- our acquisition and divestiture activities;
- weather conditions and events;

- the proximity, capacity, cost and availability of pipelines and other transportation facilities; and
- other factors discussed elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.

Except as otherwise required by law, we disclaim any duty to update any forward-looking statements, all of which are qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus supplement. See also Where You Can Find More Information.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary provides a brief overview of information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should carefully read this entire prospectus supplement, the accompanying prospectus, any free writing prospectus distributed by us, as well as the financial statements and other information incorporated by reference into this prospectus supplement and the accompanying prospectus before making an investment decision, including the information presented under the headings Risk Factors and Forward-Looking Information in this prospectus supplement. All reserve information is derived from a reserve report prepared by DeGolyer and MacNaughton, an independent engineering firm, for approximately 99% of the PV-10 of our properties. The remaining reserve estimates were prepared by Abraxas personnel.

Overview

We are an independent energy company primarily engaged in the acquisition, exploration, development and production of oil and gas in the United States and Canada. At December 31, 2013, our estimated net proved reserves were 31.0 MMBoe, of which 44% were classified as proved developed, 74% were oil and NGLs and 94% of which (on a PV-10 basis) are operated by us. Our daily net production for the year ended December 31, 2013 was 4,298 Boepd, of which 64% was oil or liquids.

Our oil and gas assets are located in three operating regions in the United States (the Rocky Mountains, the Permian Basin and onshore Gulf Coast) and in the province of Alberta, Canada. The following table sets forth certain information related to our properties as of and for the year ended December 31, 2013:

				Estimated Net Proved Reserves		Net Production	
	Gross Producing Wells	Average Working Interest	Total Net Acres	(MBoe)	% Oil/NGL	(MBoe)	% Oil/NGL
Rocky Mountain	777	11.69%	51,355	10,682.7	77.7%	708.9	77.9%
Mid-Continent (1)						16.4	14.5%
Permian Basin	212	75.06%	39,909	5,885.6	42.6%	403.8	46.8%
Onshore Gulf Coast	61	93.16%	12,177	14,179.4	84.9%	404.1	57.5%
Total United States	1,050	29.22%	103,441	30,747.7	74.3%	1,533.2	63.7%
Alberta Canada	9	100.00%	29,440	221.8	48.2%	35.7	63.5%
Total	1,059	29.82%	132,881	30,969.5	74.1%	1,568.9	63.7%

(1) All Mid-Continent properties were sold in 2013.

Strategy

Our business strategy is to focus our capital and resources on our core operated basins, maintain financial flexibility and profitably grow production and reserves. Key elements of our business strategy include:

Focusing our capital and resources on our core operated basins. Our core basins consist of the Williston Basin (Bakken/Three Forks), onshore Gulf Coast (Eagle Ford shale), which primarily produce oil and liquids, and the Permian Basin and Powder River Basin, which primarily produce gas. Given the disparity that has existed during the past several years, and which continues currently, between oil and gas prices, the economics of drilling oil wells is far superior to drilling gas wells. As a result, approximately 94% of our 2014 estimated capital expenditures will be in our two primary oil basins, the Bakken/Three Forks in the Rocky Mountain region and the Eagle Ford in South Texas. The remainder of our capital will be used on leasehold acquisitions in these core basins. As part of our efforts to focus our property portfolio, we continually market assets we deem non-core. This includes assets with low working interests, assets that are non-operated and/or assets that fall outside of our four core basins. We anticipate that any proceeds from these asset sales will be used to reduce our indebtedness and/or redeployed into our core operating basins.

Maintaining financial flexibility. Our primary sources of capital are availability under our credit facility and cash flow from operations. Beginning in July 2012 and continuing through December 2013, we sought to sell our non-core, non-operated properties. We received net proceeds of approximately $149.1 million from these sales, which allowed us to reduce borrowings under our credit facility from approximately $137.0 million at November 30, 2012 to $33.0 million at December 31, 2013. At March 31, 2014, we had approximately $70.0 million of availability under our credit facility and for the year ended December 31, 2013 and three months ended March 31, 2014, we generated approximately $51.7 million and $9.9 million of cash flow from operations, respectively.

We seek to reduce the volatility of our cash flow from operations by maintaining a significant hedging profile. We intend to deploy our available capital in a cost-effective manner. For example, we exclusively utilize PAD development drilling with our drilling rig in the Williston Basin, which allows for the drilling of up to four wells before completion operations begin. We believe this leads to substantial cost savings and efficiencies, as well as superior well performance. We also seek to operate a high percentage of our properties, which allows us to better control costs. At December 31, 2013, we operated properties comprising 94% of our proved developed reserves.

Profitably grow production and reserves. We have a substantial, low-decline legacy production base as evidenced by our over 21-year reserve life at December 31, 2013. Our capital is currently being deployed primarily into unconventional oil assets with relatively predictable production profiles. Because these wells have steep initial decline curves, the economics of these oil wells are highly dependent on both near-term commodity prices and strong operational cost control. Our cost control in all of our operated positions contributes to our history of adding low cost barrels to our production base. As evidence of production growth not being an objective, but rather the outcome of sound investment decisions, we have achieved 65% liquids growth since the first quarter of 2010 despite relatively stagnant absolute volume growth.

Our Competitive Strengths

Our management has a proven acquisition and development track record. Our executive officers average over 30 years of experience in the oil and gas industry and have demonstrated a successful track record of acquiring, developing and exploiting assets in areas where our properties are located.

We are proven operators. Our CEO, Robert L.G. Watson, founded Abraxas in 1977 and has assembled an experienced operating and technical team. Abraxas prides itself on its in house expertise specifically focused on horizontal drilling, geo-steering and hydraulic fracturing.

Exposure to oil focused resource plays. We hold core acreage positions in the Bakken/Three Forks and Eagle Ford. We believe our assets in these plays are characterized by low geological risk and repeatable drilling opportunities that we expect will result in a predictable production growth profile. Our portfolio is liquids-focused, with oil and NGLs representing 74% of our proved reserves as of December 31, 2013.

Conservative capital structure. After giving effect to this offering and the application of the net proceeds therefrom (assuming an offering price of $5.14 per share, which was the last sales price of our common stock on The NASDAQ Stock Market on June 11, 2014), we expect to have approximately $114 million of available

borrowing capacity under our credit facility. We will seek to maintain financial flexibility to allow us to actively pursue our drilling, development and exploration activities across our portfolio and maximize the present value of our oil-weighted resource potential.

Operating control over the majority of our asset portfolio. As of December 31, 2013, we operated approximately 94% of our estimated proved reserves. We believe that our high level of operational control enables us to develop our resource base in an efficient and cost-effective manner. In addition, our operated positions are held by production, which enables us to better manage the pace of development and allocate our capital expenditures to our highest return projects.

Properties

Our properties are located in the Rocky Mountain, Permian Basin and onshore Gulf Coast regions of the United States and in the province of Alberta, Canada.

Rocky Mountain Williston Basin Bakken/Three Forks

We acquired our leasehold position in the Williston Basin principally through a producing property acquisition in January 2008 from St. Mary Land & Exploration, now known as SM Energy Company. In August 2013, we divested the majority of our non-operated interests in the Bakken/Three Forks play for $35.3 million. In November 2013, we divested additional non-core operated acreage in McKenzie County, North Dakota and Richland County, Montana for $10.6 million. Our current position consists of 4,457 net acres, most of which is focused on our North Fork and Lillibridge prospects in McKenzie County, North Dakota. We intend to continue to acquire long-term leases in areas in which we own a concentrated interest, or in drilling units where we can increase our working interest relatively inexpensively.

Through May 2014, we have drilled and completed 16 wells on our North Fork and Lillibridge prospects. At current spacing, we believe we have an additional 17 wells that can be drilled. We are currently in the process of drilling a four-well Middle Bakken downspacing test on our Ravin West pad. Abraxas budget for 2014 currently includes $54.5 million for up to eight gross operated horizontal wells targeting the Bakken/Three Forks formation. Gross drilling and completion costs for a horizontal well in this formation are estimated at $8.5 million and, based on our independent reserve report, net ultimate estimated recoveries are 434 MBoe (77% oil).

Gulf Coast Eagle Ford

Abraxas acquired the majority of its original leasehold position in the Eagle Ford through our legacy activity targeting the Edwards formation in DeWitt and Lavaca Counties, Texas.

Initial Properties. In August 2010, we entered into a joint venture with Rock Oil to develop interests in the Eagle Ford play in South Texas. Abraxas drilled the joint venture s first well in the fall of 2010 in Dewitt County, Texas. The joint venture subsequently acquired more acreage and drilled its first well in McMullen County in 2011 the first well in Abraxas successful WyCross development. Abraxas received $6.0 million in cash, a 100% working interest at Yoakum and Jourdanton and a 25% working interest at WyCross and Nordheim in connection with the joint venture s dissolution in August 2012. Late in 2012, we monetized our Nordheim (Dewitt County) assets for net proceeds of $18.8 million and added a rig to start a development program on the WyCross assets. In late 2013, our former partner sold its Wycross interests to a third party which had the right to take over operations. As a non-operated property, this asset became non-core to us and we monetized our interest in December 2013 for proceeds of $73 million.

In 2014, Abraxas has been actively acquiring leases and focusing on three core prospects in the Eagle Ford: the Cave Prospect, Dilworth East Prospect and Jourdanton Prospect.

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Cave Prospect. The Cave Prospect consists of approximately 411 net acres in McMullen County, Texas on which Abraxas holds a 100% working interest. Abraxas acquired the leases in 2013 based on a geologic interpretation of the area that showed that the area was analogous to the WyCross prospect. In December 2013, Abraxas spud its first well on the Cave Prospect, the Dutch 2H. The well exhibited very strong performance, averaging 1,093 boepd (924 barrels of oil per day, 1,012 mcf of gas per day) over its first 30 full days of production. Given the strong well performance of the Dutch 2H, Abraxas elected to drill the Dutch 1H, which is currently being fracture stimulated. Abraxas budget for 2014 currently includes $46.3 million for four gross operated horizontal wells targeting the Cave prospect. Gross drilling and completion costs for a horizontal well are estimated at $11.1 million and, based on our independent reserve report, net ultimate estimated recoveries are 584 MBoe (83% oil).

Dilworth East Prospect. The Dilworth East Prospect consists of approximately 440 net acres in McMullen County, Texas on which Abraxas holds a 100% working interest. Abraxas acquired a 440 acre lease in 2013 based on a strong geologic interpretation of the area. Abraxas completed its first well on the Dilworth East Prospect, the R. Henry 2H, in June 2014. Abraxas budget for 2014 currently includes $16.5 million for up to two gross operated horizontal wells targeting the Dilworth East Prospect. Gross drilling and completion costs for a horizontal well are estimated at $8.5 million and, based on our independent reserve report, net ultimate estimated recoveries are 286 MBoe (42% oil).

Jourdanton Prospect. The Jourdanton Prospect consists of approximately 7,433 net acres in Atascosa County, Texas on which Abraxas holds a 100% working interest. Abraxas acquired the leases beginning in 2010, targeting an analogous geologic environment to a competitor s leasehold in the Karnes trough, which exhibited very strong well performance and sits in the up-dip portion of the Eagle Ford between two faults, known as a graben, where the Eagle Ford is thicker. In 2011, the prospect was part of a joint venture, which drilled its first well, the Grass Farms 1H. The well exhibited a modest 30-day production rate of around 100 boepd and the joint venture chose to focus its efforts in other areas of the Eagle Ford. As a result of the dissolution, Abraxas acquired a 100% working interest across the acreage and elected to shoot 3D seismic. After interpreting the 3D seismic data, it was determined that the Grass Farms 1H crossed a fault and was actually not in zone. Abraxas then elected to drill a second well at Jourdanton to fully test the concept in the Blue Eyes 1H. The Blue Eyes was completed in December 2013 and averaged 527 boepd over its highest 30 days of production. Abraxas then drilled and completed the Snake Eyes 1H, Spanish Eyes 1H, and Eagle Eyes 1H. The Snake Eyes averaged 759 boepd (701 barrels of oil per day, 343 mcf of gas per day) over the wells highest 30 full days of production. The Spanish Eyes 1H averaged 203 boepd (190 barrels of oil per day, 81 mcf of gas per day) over the well s highest 30 days of production. The Eagle Eyes 1H averaged 221 boepd (204 barrels of oil per day, 102 mcf of gas per day) over the well s most recent 23 days of production. Abraxas has approximately 90 net locations at current spacing remaining to be drilled on the Jourdanton Prospect. Abraxas budget for 2014 currently includes $62 million for up to eight gross operated horizontal wells targeting the Jourdanton Prospect. Gross drilling and completion costs for a horizontal well are estimated at $7.5 million and, based on our independent reserve report, net ultimate estimated recoveries are 296 MBoe (87% oil).

Powder River Basin Turner

Abraxas holds approximately 21,733 net acres in the Powder River Basin. Development to date has been focused primarily on the Turner formation. In March 2012, Abraxas completed the Hedgehog 2H on the Porcupine Prospect, which has been a very strong performer, as evidenced by its cumulative production of 198 MBoe (29% oil) over its first 23 months. We have approximately 50 gross (13.1 net) probable locations to drill in the Porcupine Prospect. Our budget for 2014 does not allocate any capital to the Powder River Basin-Turner formation.

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Legacy Properties Permian Basin and Williston Basin. Abraxas has a substantial base of conventional legacy oil and gas assets primarily in the Permian Basin of Texas and Williston Basin in North Dakota. Our legacy properties in the Permian Basin region are primarily located in two sub-basins, the Delaware Basin and the Eastern Shelf. In the Delaware Basin, our wells are located in Pecos, Reeves, and Ward Counties, Texas and produce oil and gas from multiple stacked formations from the Bell Canyon at 5,000 feet down to the Ellenburger at 16,000 feet. In the Eastern Shelf, our wells are principally located in Coke, Scurry, Mitchell and Nolan Counties, Texas and produce oil and gas from the Strawn Reef formation at 5,000 to 7,500 feet and oil from the shallower Clearfork formation at depths ranging from 2,300 to 3,300 feet. On our legacy properties in the Williston Basin, our wells are principally located in North Dakota and Montana and produce oil and gas from the Madison, Duperow and Red River from 7,000 to 16,000 feet.

At December 31, 2013, Abraxas owned an interest in 1,059 gross (316 net) wells, for an average working interest of 29.8%. Abraxas estimated net proved reserves were 31.0 MMBoe at December 31, 2013, of which 44% were classified as proved developed and 74% were oil or liquids. Abraxas net production for the year ended December 31, 2013 was 1,569 MBoe, or 4,298 Boepd, of which 64% was oil or liquids and its net production for the three months ended March 31, 2014 was 377 MBoe, or 4,189 Boepd, of which 71% was oil or liquids.

During 2013, we sold certain properties, principally non-core, non-operated assets, to generate cash for debt repayment and to accelerate our drilling program. We sold properties for total net proceeds of approximately $127.5 million to numerous buyers at various auctions and in several marketed transactions. In total, these properties produced approximately 1,100 Boepd as of the effective date of each transaction, and had approximately 9.1 million Boe of proved reserves at December 31, 2012. The net proceeds were used to repay outstanding borrowings under the Company s credit facility, to accelerate capital expenditures primarily in the Bakken and Eagle Ford regions and for general corporate purposes.

For more information on our business and properties, please refer to our Annual Report on Form 10-K for the year ended December 31, 2013, which we refer to as our 2013 10-K, which is incorporated by reference in this prospectus supplement.

2014 Budget

We set our initial 2014 capital expenditure budget in December 2013 at $105 million, an 11% increase over 2013. In March 2014, we increased this capital expenditure budget to $125 million to drill an incremental six wells at our Jourdanton prospect as well as for additional leasing in the Eagle Ford. In June 2014, we increased our capital expenditure budget to $160 million to drill an incremental three wells in the Eagle Ford. The recent increase in the borrowing base under our credit facility to $162.5 million enabled our board to increase our capital budget for 2014 to $190 million. While we believe we can fund our capital budget with borrowings under our credit facility and cash flow from our operations, among other potential sources of capital, in order to maintain our conservative capital structure, we expect to use the net proceeds from this offering, borrowings under our credit facility and cash flow from operations to fund our capital expenditures. We intend to accelerate our 2014 drilling program on both our Bakken and Eagle Ford properties, as well as add leased acreage in the Eagle Ford.

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The 2014 capital expenditure budget is subject to change depending upon a number of factors, including the availability of drilling equipment and personnel, economic and industry conditions at the time of drilling, prevailing and anticipated prices for oil and gas, the availability of sufficient capital resources for drilling prospects, our financial results, the availability of leases on reasonable terms and our ability to obtain permits for drilling locations. Our 2014 capital expenditures budget is as follows (in millions):

	Year Ending December 31, 2014 (in millions)	
Williston Basin/Bakken/Three Forks	$	54.5
Gulf Coast/Eagle Ford		125.0
Other/Leasing		10.5
Total	$	190.0

Recent Developments

Eagle Ford Activity. Abraxas board of directors recently approved an increase in the Company s 2014 capital budget to $190 million. The increase in the capital budget (a total of $65 million since January 2014) will be used to maintain a one rig program for the remainder of 2014 in the Eagle Ford and for additional Eagle Ford acreage acquisitions. The current plan includes drilling the remaining two wells on the company s Cave prospect, drilling one additional well on the company s Dilworth East prospect and drilling three additional wells on the company s Jourdanton prospect.

Financial Update. Abraxas lenders recently increased the borrowing base of our credit facility to $162.5 million from $130 million. In connection with this redetermination, the existing credit facility terms were modified to extend the maturity to June 30, 2018, reduce the interest rate by 50 basis points across the usage grid and reduce the commitment fees to 37.5 basis points when utilization is less than 50%.

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THE OFFERING

Common stock offered by us	10,000,000 shares; 11,500,000 shares if the underwriters exercise in full their option to purchase additional shares
Common stock to be outstanding after this offering	103,828,087 shares; 105,328,087 shares if the underwriters exercise in full their option to purchase additional shares
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses, or approximately $ million if the underwriters exercise the option in full to purchase additional shares. We intend to use the net proceeds from this offering (including any proceeds from the exercise of the underwriters option to purchase additional shares) to accelerate our 2014 drilling program, add additional leased acreage primarily in the Eagle Ford, repay indebtedness outstanding under our credit facility and for general corporate purposes. See Use of Proceeds included elsewhere in this prospectus supplement.
NASDAQ Stock Market Symbol	AXAS
Dividend policy	We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future. In addition, our credit facility prohibits us from paying dividends and making other distributions.
Risk factors	We are subject to a number of risks that you should carefully consider before deciding to invest in our common stock. These risks are discussed more fully in Risk Factors in this prospectus supplement, the prospectus and the documents incorporated by reference in this prospectus supplement, as the same may be updated in our reports filed with the SEC.

The number of shares to be outstanding after this offering is based on 93,828,087 shares of our common stock outstanding as of June 10, 2014 and excludes 6,235,390 shares that may be issued pursuant to outstanding stock options (of which 4,111,722 shares were vested at June 10, 2014).

Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters will not exercise their option to purchase additional shares.

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Summary Financial Data

The following table presents summary historical financial data for the periods and as of the dates indicated. The following table should be read in conjunction with Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the financial statements and related notes appearing in our 2013 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the three months ended March 31, 2014, each of which is incorporated by reference into this prospectus supplement. The summary historical financial data as of December 31, 2012 and 2013 and for the years ended December 31, 2011, 2012 and 2013 have been derived from the audited consolidated financial statements of Abraxas incorporated by reference in this prospectus supplement. The summary historical financial data as of December 31, 2011 has been derived from the audited consolidated financial statements of Abraxas, which are not included or incorporated by reference in this prospectus supplement. The summary historical financial data as of March 31, 2014 and for the three months ended March 31, 2013 and 2014 are derived from the unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement. Our financial condition and results of operations include all of our subsidiaries. Our historical results are not necessarily indicative of results that may be expected for any future period.

	Historical				
	Year Ended December 31,			Three Months Ended March 31,	
	2011	2012	2013	2013	2014
				(unaudited)	
	(In thousands, except per share data)				
Total operating revenue	$ 64,622	$ 68,573	$ 94,331	$ 21,196	$ 25,893
Operating Cash and Expenses:					
Lease operating and production taxes	21,581	24,806	25,361	6,462	5,892
Production taxes	5,766	6,613	8,510	1,927	2,204
Depreciation, depletion and amortization	16,194	23,016	26,632	6,509	7,635
Impairment		19,774	6,025		
General and administrative	9,433	10,712	12,876	2,530	2,823
Other income (expense):					
Net interest expense	4,891	5,516	4,577	1,207	608
Amortization of deferred financing fees	1,762	937	1,367	333	348
(Gain) loss on sale of properties			(33,377)		
Realized loss on derivative contracts	676	459	5,035	925	734
Unrealized loss (gain) on derivative contracts	(7,476)	(2,669)	(2,561)	621	945
Earnings from equity method investment	(2,187)	(2,207)			
Other	316	97	539	87	
Income (loss) before income tax	$ 13,666	$ (18,481)	$ 39,347	$ 595	$ 4,704
Income tax benefit (expense)	77	(310)	(700)		
Net income (loss)	$ 13,743	$ (18,791)	$ 38,647	$ 595	$ 4,704
Net income (loss) per common share:					
Basic	$ 0.15	$ (0.20)	$ 0.42	$ 0.01	$ 0.05
Diluted	$ 0.15	$ (0.20)	$ 0.41	$ 0.01	$ 0.05

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	Historical				
		Year Ended December 31,		Three Months Ended March 31,	
	2011	2012	2013	2013	2014
		(In thousands)		(unaudited)	
Cash flow data:					
Net cash provided by operating activities	$ 24,495	$ 51,375	$ 51,654	$ 9,913	$ 2,424
Net cash used in investing activities	(70,555)	(47,003)&nbs			