



**Item 5.02 Compensatory Arrangements of Certain Officers**

(e) On August 28, 2007, the Compensation Committee of the Board of Directors awarded restricted stock and options to all employees of Abraxas including Abraxas' executive officers under the Company's 2005 Long-Term Employee Incentive Plan. Awards to the executive officers were as follows:

| <u>Name</u>        | <u>Position</u>   | <u>Restricted<br/>Stock</u> | <u>Options</u> |
|--------------------|---|-----------------------------|----------------|
| Robert L.G. Watson | Chairman of the Board, President and Chief Executive Officer    | 17,590                      | 41,624         |
| Chris E. Williford | Executive Vice President, Chief Financial Officer and Treasurer | 5,078                       | 15,233         |
| William H. Wallace | Vice President – Operations                                     | 20,000                      | 18,920         |
| Lee T. Billingsley | Vice President – Exploration                                    | 5,514                       | 16,543         |
| Stephen T. Wendel  | Vice President – Land & Marketing                               | 5,110                       | 15,330         |
| Barbara M. Stuckey | Vice President - Corporate Development                          | 3,396                       | 10,188         |

The shares of restricted stock vest over four (4) years. The options vest over four (4) years and have an exercise price of \$3.60 per share, the closing price of Abraxas common stock on the date of grant.

**Item 9.01 Financial Statements and Exhibits.**

- (c) Exhibits.
- 10.1 Form of Restricted Stock Award Agreement (Filed herewith).
  - 10.2 Form of Incentive Stock Option Agreement (Previously filed as Exhibit 10.2 to Form 8-K filed on May 26, 2006).

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ABRAXAS PETROLEUM CORPORATION**

By: /s/ Chris E. Williford

Chris E. Williford

Executive Vice President, Chief Financial

Officer and Treasurer

Dated : September 4, 2007