

Item 1.01 Entry into a Material Definitive Agreement.

Effective August 12, 2008, Abraxas Energy Partners LP (the Partnership) entered into a fixed rate interest rate swap agreement with The Royal Bank of Scotland plc. (the Swap Transaction). The Swap Transaction was effective on August 12, 2008 and terminates on August 12, 2010. The notional amounts of the Swap Transaction are \$100 million for the first year and \$50 million for the second year. The Partnership will pay interest at a fixed rate of 3.367% and receive interest at a floating rate based on one month LIBOR. Abraxas Petroleum Corporation owns a 47.2% interest in the Partnership.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

See Item 1.01 above.

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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: August 18, 2008