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Form 425

August 21, 2001

Filed by Abraxas Petroleum Corporation  
(Commission File No. 0-19118)  
Pursuant to Rule 425 Under the Securities Act of 1933,  
as amended,  
And Deemed Filed Pursuant to Rule 14a-12  
Under the Securities Exchange Act of 1934,  
as amended.  
Subject Company: Grey Wolf Exploration Inc.  
(no Commission File No.)

NEWS RELEASE

ABRAXAS ANNOUNCES SUCCESSFUL DRILLING IN CANADIAN GAS PLAYS

SAN ANTONIO, TX (Aug. 21, 2001) - Abraxas Petroleum Corporation (AMEX:ABP) announces that the first of five development wells is onstream in the Pouce Coupe area of Canada at a rate of 2.7 MMcfe per day. Four other wells are in various stages of completion in Pouce Coupe and the Caroline area with one well drilling in each area. The Company expects similar results from these wells with reserves expected to average 3 to 5 Bcfe per well. None of the seven locations are currently booked as proved or probable reserves by the Company's outside engineering firms. Abraxas has identified over forty additional locations in the Caroline and Pouce Coupe areas based on the recent drilling and the 3-D seismic surveys completed in each area this past winter. The Company has one rig under contract in each area and anticipates drilling one well per month in Pouce Coupe and one well every six weeks in Caroline for the foreseeable future. Abraxas and its consolidated Canadian subsidiary, Grey Wolf Exploration Inc. (TSE:GWX), combined have an average 85% working interest in the seven wells but have a 100% working interest in the majority of the subsequent drilling locations.

THIS PRESS RELEASE DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO EXCHANGE THE SECURITIES OF ABRAXAS FOR THE SECURITIES OF GREY WOLF. ANY SUCH OFFER OR SOLICITATION WILL BE SUBJECT TO CERTAIN CUSTOMARY CONDITIONS AND WILL BE MADE ONLY BY ABRAXAS' PROSPECTUS AND OTHER EXCHANGE OFFER MATERIALS, WHICH HAVE BEEN FILED WITH THE SEC AND HAVE BEEN MAILED TO GREY WOLF'S STOCKHOLDERS. GREY WOLF'S STOCKHOLDERS ARE URGED TO READ THESE DOCUMENTS BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE OFFER. THE DOCUMENTS ARE ALSO AVAILABLE AT NO CHARGE FROM THE SEC'S WEB SITE, WWW.SEC.GOV, AND FROM ABRAXAS PETROLEUM CORPORATION AT 500 NORTH LOOP 1604 EAST, SUITE 100, SAN ANTONIO, TEXAS 78232.

Abraxas Petroleum Corporation is a San Antonio-based crude oil and natural gas exploitation and production company that also processes natural gas. The Company operates in Texas, Wyoming and western Canada. For additional information about the Company, please visit our web site, [www.abraxaspetroleum.com](http://www.abraxaspetroleum.com) <http://www.abraxaspetroleum.com> for the most current and updated information. The web site is updated daily in order to comply with the SEC Regulation FD (Fair Disclosure).

Safe Harbor for forward-looking statement: Statements in this release looking forward in time involve known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to be materially different from any future performance suggested in this release. Such factors may include, but may not be necessarily limited to, changes in the prices received by the Company for crude oil and natural gas. In addition, the Company's future crude oil and natural gas production is highly dependent upon the Company's level of success in acquiring or finding additional reserves. Further, the Company operates in an industry sector where the value of securities is highly volatile and may be influenced by economic and other factors beyond the Company's

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control. In the context of forward-looking information provided for in this release, reference is made to the discussion of risk factors detailed in the Company's filing with the Securities and Exchange Commission during the past 12 months.

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