

WEATHERLY B F  
Form 4  
December 17, 2010

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**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 \*  
WEATHERLY B F

2. Issuer Name and Ticker or Trading Symbol  
CALLON PETROLEUM CO [CPE]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
200 NORTH CANAL STREET  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/16/2010

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Executive Vice President/ CFO

NATCHEZ, MS 391203212

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

(City) (State) (Zip)

**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 Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	12/16/2010	12/16/2010	F	V 3,305 (1) D \$ 5.87	66,526	I	Jt. Ten. with Spouse
Common Stock					15,000	D	
Common Stock					33,087	I	401(k) Account (2)
Common Stock					2,288	I	IRA Account

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 Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
2008 Performance Stock Award	\$ 0 <sup>(3)</sup>					<u>(3)</u>	<u>(3)</u>	Common Stock	15,000
2009 Restricted Stock Units - cash <sup>(4)</sup>	\$ 1.63					<u>(4)</u>	<u>(4)</u>	Common Stock	7,875
2009 Restricted Stock Units - shares <sup>(5)</sup>	\$ 1.63					<u>(5)</u>	<u>(5)</u>	Common Stock	44,625
2010 Phantom Shares <sup>(6)</sup>	\$ 4.95					11/08/2010	12/31/2012	Common Stock	50,000
2010 Restricted Stock Units - cash <sup>(7)</sup>	\$ 4.95					11/08/2010	05/07/2013	Common Stock	15,000
2010 Restricted Stock Units - shares <sup>(8)</sup>	\$ 4.95					11/08/2010	05/07/2013	Common Stock	85,000
Stock Option (Right to Buy)	\$ 6.05					11/09/2002	05/08/2012	Common Stock	5,000
	\$ 5.12					11/03/2003	05/02/2013		5,000

Stock  
Options  
(Right to  
Buy)

Common  
Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WEATHERLY B F 200 NORTH CANAL STREET NATCHEZ, MS 391203212	X		Executive Vice President/ CFO	

## Signatures

By: Robert A. Mayfield as  
Attorney-in-fact for

12/17/2010

\_\_Signature of Reporting Person Date

## 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) Shares withheld by the Issuer to satisfy federal and state tax liabilities associated with the taxable income recognized on the payment date of certain previously vested restricted stock.  
  
The number of shares reported is calculated by dividing the total market value of the reporting person's account balance within the Callon
  - (2) Petroleum Company Employee Savings and Protection Plan (401(k) Plan) on the day prior to this Form 4 reporting date by the closing market price per share on that day.  
  
The number of shares awarded is conditioned based on the achievement of a specified performance target, based upon the price of
  - (3) Callon's stock, to be calculated on December 31, 2010. If the performance target is achieved, vesting with respect to the awarded shares will occur on 04/18/2011, the third anniversary following the award date.
  - (4) Restricted Stock Units will vest 100% on the third anniversary date following the grant date. Payment will be made in cash based on the average of the opening and closing market price of the underlying common stock of the issuer on the date of vesting.
  - (5) Restricted Stock Units will vest 100% on the third anniversary date following the grant date. Payment will be made in shares of common stock of the issuer based on the average of the opening and closing market price of the underlying common stock on the date of vesting.  
  
This Phantom Share award is subject to vesting on December 31, 2012 and is payable in cash rather than stock. In addition, the award is
  - (6) subject to a variable percentage payout based on a performance criteria related to the Total Shareholder Return of the Company compared to a group of peer companies. Therefore this award can range from 0% to as much as 150% of its original value at the vesting date.
  - (7) Restricted Stock Units will vest on the third anniversary date following the grant date. Payment will be made in cash based on the average of the opening and closing market price of the underlying common stock of the issuer on the date of vesting.
  - (8) Restricted Stock Units will vest on the third anniversary date following the grant date. Payment will be made in shares of common stock of the issuer based on the average of the opening and closing market price of the underlying common stock on the date of vesting.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.