

CALLON FRED L
Form 4
November 21, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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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 *
CALLON FRED L

(Last) (First) (Middle)

200 NORTH CANAL STREET

(Street)

NATCHEZ, MS 391203212

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

CALLON PETROLEUM CO [CPE]

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

11/19/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Chairman, President, CEO

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 11/19/2008 | 11/19/2008 | S | V | 136,000 ⁽¹⁾ | D | \$ 4.45 ⁽²⁾ |
| Common Stock | | | | | | I | 12,096 ⁽³⁾ |
| Common Stock | | | | | | I | 92,170 |
| Common Stock | | | | | | I | 24,904 |
| | | | | | | | 401(k) Account |
| | | | | | | | By Custodian For Child |
| | | | | | | | Spouse |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(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 Number Shares |
| 2004 Performance Shares | \$ 13.82 | | | | | 05/05/2005 ⁽⁴⁾ | 07/14/2014 | Common Stock | 8,600 |
| 2006 Performance Shares | \$ 15.83 | | | | | 08/21/2006 | 08/21/2010 | Common Stock | 20,000 |
| 2008 Performance Stock Award | \$ 0 ⁽⁵⁾ | | | | | ⁽⁵⁾ | ⁽⁵⁾ | Common Stock | 23,000 |
| Stock Option (Right to Buy) | \$ 10.5 | | | | | 09/23/2000 | 03/23/2010 | Common Stock | 110,000 |
| Stock Option (Right to Buy) | \$ 4.5 | | | | | 01/13/2003 | 07/12/2012 | Common Stock | 18,750 |
| Stock Option (Right to Buy) | \$ 3.7 | | | | | 02/24/2003 | 08/23/2012 | Common Stock | 12,625 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| CALLON FRED L 200 NORTH CANAL STREET | X | | Chairman, President, | |

NATCHEZ, MS 391203212

CEO

Signatures

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

11/21/2008

__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) Involuntary sale as a result of a margin call by the reporting person's broker.

This transaction was executed in multiple trades at prices ranging from \$4.20 to \$5.25. The price reported above reflects the weighted average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer or a security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected.

The number of shares reported is calculated by dividing the total market value of the reporting person's account balance within the Callon 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.

(4) Performance Stock awarded July 14, 2004. These shares vest in five equal annual installments beginning on July 14, 2005.

The number of shares awarded is conditioned based on the achievement of a specified performance target, based upon the price of 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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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