

HINCHMAN STEVEN B  
 Form 4  
 September 27, 2010

**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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
**HINCHMAN STEVEN B**

(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)  
**09/24/2010**

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)  
 Exec. VP and COO

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                    | 09/24/2010                           | 09/24/2010   | M                              | V 166,666 A \$ 2.75   | 266,666   | D  |   |
| Common Stock                    | 09/24/2010                           |  | F                              | V 133,191 D \$ 3.79   | 133,475   | D  |   |
| Common Stock                    |                                      |  |                                |   | 4,417   | I  | 401(k) Account  |

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

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SEC 1474 (9-02)

number.

**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 Security (Instr. 3 and 4) |              |            |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|------------|
|   |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Am Num Sha |
| 2009 Stock Option (Right to Buy)                    | \$ 2.75 <sup>(1)</sup>                                 | 09/24/2010                           | 09/24/2010   | M                              | V   | 166,666  | 12/01/2009 06/01/2019                                       | Common Stock | 16         |
| 2009 Performance Shares                             | \$ 0 <sup>(2)</sup>                                    |                                      |  |                                |   | <sup>(2)</sup>   | <sup>(2)</sup>  | Common Stock | 10         |
| 2010 Phantom Shares <sup>(3)</sup>                  | \$ 4.95  |                                      |  |                                |   | 11/08/2010   | 12/31/2012  | Common Stock | 50         |
| 2010 Restricted Stock Units - cash <sup>(4)</sup>   | \$ 4.95  |                                      |  |                                |   | 11/08/2010   | 05/07/2013  | Common Stock | 15         |
| 2010 Restricted Stock Units - shares <sup>(5)</sup> | \$ 4.95  |                                      |  |                                |   | 11/08/2010   | 05/07/2013  | Common Stock | 85         |

## Reporting Owners

| Reporting Owner Name / Address                                       | Relationships |           |                  |       |
|--|---------------|-----------|------------------|-------|
|  | Director      | 10% Owner | Officer          | Other |
| HINCHMAN STEVEN B<br>200 NORTH CANAL STREET<br>NATCHEZ, MS 391203212 |               |           | Exec. VP and COO |       |

## Signatures

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

09/24/2010

\*\*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) Vesting in three equal increments when the issuer's common stock price closes on the NYSE above \$5.00, \$10.00, and \$15.00 for twenty (20) consecutive trading days, respectively.
- (2) Shares will vest 0-150% based on performance as measured against a select peer group of companies during the period June 1, 2009 through June 1, 2012.  
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
- (3) 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.
- (4) 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.
- (5) 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.