

Gatto Joseph C. Jr.
 Form 4
 May 14, 2012

FORM 4

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

OMB APPROVAL

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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 *
 Gatto Joseph C. Jr.

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

3. Date of Earliest Transaction (Month/Day/Year)
 05/10/2012

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

SR VP - Corporate Finance

(Street)
 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 ⁽¹⁾	05/11/2012		A	V 433 A \$ 5.07	433	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)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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
2012 Phantom Shares ⁽²⁾	\$ 5.09	05/10/2012		A	V	10,500		12/31/2014	12/31/2014	Common Stock	10,500
2012 Restricted Stock Units - Cash ⁽³⁾	\$ 5.09	05/10/2012		A	V	3,150		05/08/2015	05/08/2015	Common Stock	3,150
2012 Restricted Stock Units - Stock ⁽⁴⁾	\$ 5.09	05/10/2012		A	V	17,850		05/08/2015	05/01/2015	Common Stock	17,850
2012 Restricted Stock Units - Stock	\$ 5.93							10/05/2012	07/01/2015	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Gatto Joseph C. Jr. 200 NORTH CANAL STREET NATCHEZ, MS 391203212			SR VP - Corporate Finance	

Signatures

By: Clay V. Bland as Attorney-in-fact for 05/14/2012

**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) The number of shares reported is calculated by dividing the total market value of the reporting person's 401(k) account balance invested in the Callon Petroleum Company Employee Savings and Protection Plan on the day prior to this Form 4 reporting date by the closing

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market price-per-share on that date.

(2) This Phantom Share award is subject to vesting on December 31, 2014 and is payable in cash rather than stock. In addition, the award is 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.

(3) 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 on the date of vesting.

(4) 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. The recipient has the option to surrender shares necessary to pay a portion of the income taxes associated with the vesting.

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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