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CALLON PETROLEUM CO  
Form 11-K  
October 16, 2003

=====

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

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

Annual report pursuant to Section 15(d) of the Securities  
Exchange Act of 1934

For the fiscal year ended December 31, 2002.

Or

Transition report pursuant to Section 15(d) of the Securities  
Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 001-14039

A. Full title of plan and the address of the plan, if different from that  
of the issuer named below:

CALLON PETROLEUM COMPANY  
EMPLOYEE SAVINGS & PROTECTION PLAN

B: Name of the issuer of the securities held pursuant to the plan and the  
address of its executive office:

CALLON PETROLEUM COMPANY  
200 NORTH CANAL STREET  
NATCHEZ, MISSISSIPPI 39120

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The Callon Petroleum Company Employee Savings and Protection Plan (the "Callon Petroleum Company Employee Savings and Protection Plan") is subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Attached hereto are the financial statements of the Callon Petroleum Company Employee Savings and Protection Plan for the fiscal year ended December 31, 2002 prepared in accordance with the financial reporting requirements of

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ERISA.

CALLON PETROLEUM COMPANY  
EMPLOYEE SAVINGS AND  
PROTECTION PLAN  
Employer I. D. Number 94-0744280  
Plan Number 002

December 31, 2002 and 2001 and  
Year Ended December 31, 2002

CONTENTS

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Independent Auditor's Report	1
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Financial Statements	
Statements of Net Assets Available for Benefits	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 - 9
Supplementary Information	
Schedule of Assets (Held at End of Year)	10 - 13

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INDEPENDENT AUDITOR'S REPORT

Plan Administrators  
Callon Petroleum Company  
Employee Savings and Protection Plan

We have audited the accompanying statements of net assets available for benefits of Callon Petroleum Company Employee Savings and Protection Plan as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a

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reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Callon Petroleum Company Employee Savings and Protection Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment as of December 31, 2002 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Horne CPA Group

Jackson, Mississippi  
October 6, 2003

CALLON PETROLEUM COMPANY  
EMPLOYEE SAVINGS AND PROTECTION PLAN  
Statements of Net Assets Available for Benefits  
December 31, 2002 and 2001

	2002	2001
-----		
ASSETS		
Investments		
Participant directed		
Pooled separate accounts	\$7,106,627	\$4,362,802
Participant loans	778,344	650,256
Deposit with insurance company at contract value	-	2,863,758
Cash value of life insurance	79,777	85,808
Employer securities	595,504	-
Nonparticipant directed		
Employer securities	-	853,565
	-----	-----
Total Investments	8,560,252	8,816,189
	-----	-----
Employer Contribution Receivable	81,729	94,734
	-----	-----

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Total assets	\$8,641,981	\$8,910,923
	=====	=====
Net Assets Available for Benefits	\$8,641,981	\$8,910,923
	=====	=====

See accompanying notes.

2

CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 Statement of Changes in Net Assets  
 Available for Benefits  
 Year Ended December 31, 2002

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Additions to Net Assets Attributed to		
Investment Income (Loss)		
Net depreciation in fair value of investments	\$ (1,559,934)	
Interest	39,986	
Dividends	84,296	
Decrease in cash surrender value of life insurance	(6,031)	
	-----	
		(1,441,683)
		-----
Contributions		
Employer -- cash	358,412	
Employer -- noncash	274,738	
Employee	573,216	
Rollovers	9,120	
Insurance premiums	8,309	
	-----	
		1,223,795
		-----
Other Income		1,002
		-----
Total Net Additions		(216,886)
		-----
Deductions from Net Assets Attributed to		
Benefits paid to participants	40,987	
Insurance premiums	8,309	
Administrative expenses	2,760	
	-----	
Total Deductions		52,056
		-----
Net Decrease		(268,942)

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Net Assets Available for Plan Benefits

Beginning of Year	8,910,923 -----
End of Year	\$ 8,641,981 =====

See accompanying notes.

3

CALLON PETROLEUM COMPANY  
EMPLOYEE SAVINGS AND PROTECTION PLAN  
December 31, 2002 and 2001 and  
Year Ended December 31, 2002

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE PLAN

The following description of the Callon Petroleum Company Employee Savings and Protection Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

GENERAL

Employees become eligible to participate in the Plan on the first eligibility date of their employment and attainment of age twenty-one (21). Effective January 1, 2002, eligibility dates are the first day of each month. Prior to 2002, eligibility dates were the first day of each calendar quarter. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS

Participating employees may defer up to \$11,000 (\$12,000 if over age 50) in 2002 and \$10,500 in 2001 of their eligible compensation. For the year ended December 31, 2002, the Company contributed a 2.5 percent non-matching contribution in cash and a 2.5 percent non-matching contribution in the form of Callon Petroleum Company common stock for each employee's eligible compensation. The Company also contributed a matching contribution at the rate of .3125 percent in cash and .3125 percent in stock for every 1 percent that was deferred by the participant, limited to a maximum matching contribution by the company of 2.5 percent in cash and 2.5 percent in stock. For the year ended December 31, 2001, the Company contributed a 1 percent non-matching contribution in cash and a 1 percent non-matching contribution in the form of Callon Petroleum Company common stock for each eligible employee. The Company made a 50 percent matching cash contribution of each employee's deferred income. This Company matching contribution was limited to 4 percent of the employee's eligible compensation. In addition, the Company contributed Callon Petroleum Company common stock equal to its matching cash contributions.

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### PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and earnings thereon and an allocation of (a) the Company's contribution, and (b) Plan earnings. Allocations are based on participant compensation or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

4

CALLON PETROLEUM COMPANY  
EMPLOYEE SAVINGS AND PROTECTION PLAN  
December 31, 2002 and 2001 and  
Year Ended December 31, 2002

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1. CONTINUED

#### INVESTMENT OPTIONS

Effective August 1, 2002, participants direct contributions, including employer cash matching contributions, into any of the investment options offered by ING. Prior to August 2002, participants could direct their contributions into investment options offered by Equitable Life Assurance Society ("Equitable"). Participants may change their investment options daily.

#### Vesting

Participants are immediately vested in their voluntary contributions plus earnings thereon and in the Company's contributions and earnings thereon.

#### Participant Loans

Loans are available to participants on a reasonably equivalent basis, at a minimum amount of \$1,000 and bearing interest at a reasonable rate. Participants have up to 5 years to repay the loan unless it is for a principal residence, in which case the repayment period is 30 years. Each loan is secured by the borrowing participant's vested account balance; however, additional collateral may also be required. For the year ended December 31, 2002, the Plan allows participants to borrow up to seven loans at a time, which consist of five regular loans and two residential loans. The maximum of any new loans, when added to the outstanding balance of all other loans from the Plan, will be limited to the lesser of (a) \$50,000 reduced by the excess, if any, of the participant's highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date of the new loan over the participant's current outstanding balance of loans as of the date of the new loan, or (b) one-half of the participant's vested interest in the Plan. For the year ended December 31, 2001, the Plan allowed participants to borrow up to 50 percent of their total account balance, provided that the participant had participated in the Plan for at least 12 consecutive months and did not have any other loans outstanding at the time of the request.

#### Payment of Benefits

Upon termination of service, a participant may elect to (a) receive a lump sum equal to the value of his or her account, or (b) receive installments over a period not to exceed the employee's and beneficiary's assumed life expectancy.

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## PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

5

## CALLON PETROLEUM COMPANY EMPLOYEE SAVINGS AND PROTECTION PLAN December 31, 2002 and 2001 and Year Ended December 31, 2002

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Summary of Significant Accounting Principles

#### Basis of Presentation

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

## INVESTMENTS

All Plan investments as of December 31, 2002 are held by ING, the Plan custodian. Investments in pooled separate accounts are reported at the value reported to the Plan by ING, which approximates fair value. Investments in Callon Petroleum Company common stock is reported at quoted market values. Participant's loans are reported at the outstanding principal balance which approximates fair value. All Plan investments as of December 31, 2001 were held by Equitable.

Investment security transactions are accounted for on the date the securities are purchased or sold (trade date). Interest income is recorded as it is earned. Dividends are recorded on the ex-dividend date.

In 2001, the Plan had a deposit contract with Equitable Life Assurance Society. The account was credited with actual earnings on the underlying investments and charged for plan withdrawals and administrative expenses charged by Equitable. The contract was included in the financial statements at the December 31, 2001 contract value, as reported to the Plan by Equitable.

#### Payment of Benefits

Benefits are recorded when paid.

#### Administrative Expenses

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The employer absorbs substantially all administrative expenses of the Plan.

6

CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 December 31, 2002 and 2001 and  
 Year Ended December 31, 2002

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

..  
 The following table presents the fair value of the Plan's investments that represent 5 percent or more of the Plan's net assets at December 31, 2002 and 2001.

	2002
-----	
Pooled Separate Accounts	
Alliance Common Stock Fund	\$
EQ Aggressive Stock Fund	
ING Fixed Account	4,115,7
ING VP Index Plus LargeCap Portfolio	490,6
Fidelity VIP Growth Portfolio	646,2
Deposit Contract	
Equitable Guaranteed Interest Account	
Employer Securities	
Callon Petroleum Company Stock	595,5
Participant loans	778,3

The Plan's investments (including gains and losses on investments bought, sold, and held during the year ended December 31, 2002 as follows:

-----	
Pooled Separate Accounts	
Deposit Contract	
Equitable Guaranteed Interest Account	
Employer Securities	
Callon Petroleum Company Stock	

Net Depreciation in Fair Value of Investments



CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 December 31, 2002 and 2001 and  
 Year Ended December 31, 2002

NOTES TO FINANCIAL STATEMENTS

Note 4. Nonparticipant Directed Investments

The significant components of the changes in net assets relating to the nonparticipant directed investments are as follows:

-----

Changes in Net Assets	
Contributions	\$ 259,873
Net depreciation	(494,920)
Benefits paid to participants	(4,755)
Transfers to participant directed investments	(613,763)
	-----
	\$ (853,565)
	=====

As of December 31, 2002, all Plan investments are participant directed.

Note 5. Tax Status of Plan

The trust established under the Plan to hold the Plan's assets is qualified pursuant to the appropriate section of the Internal Revenue Code, and, accordingly, the trust's net investment income is exempt from income taxes. The Plan has obtained a favorable tax determination letter from the Internal Revenue Service. Although the Plan has been amended since receiving the determination letter, the Plan's Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Note 6. Related-Party Transactions

Certain Plan investments are units of pooled separate accounts managed by ING. ING is the custodian of the Plan assets as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 December 31, 2002 and 2001 and  
 Year Ended December 31, 2002

NOTES TO FINANCIAL STATEMENTS

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Note 7. Reconciliation of Financial Statements to Form 5500

The financial information included in the Plan's Form 5500 is reported on the cash basis of accounting. Therefore, the following reconciliation is included to reconcile the net assets available for benefits and the net decrease in net assets available for benefits per the financial statements to the Form 5500.

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	DECEMBER 31,	
	----- 2002	2001 -----
Net assets available for benefits per the financial statements	\$ 8,641,981	\$ 8,910,923
Employer contribution receivable	(81,729)	(94,734)
	-----	-----
Net assets available for benefits per the Form 5500	\$ 8,560,252 =====	\$ 8,816,189 =====

The following is a reconciliation of net decrease in net assets available for benefits per the financial statements to the Form 5500:

	YEAR ENDED DECEMBER 31, 2002 -----
Net decrease in net assets available for benefits per the financial statements	\$(268,942)
Less current year employer contribution receivable	(81,729)
Plus prior year employer contribution receivable	94,734 -----
Net decrease in net assets available for benefits per the Form 5500	\$(255,937) =====

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EMPLOYEE SAVINGS AND PROTECTION PLAN  
 Employer I.D. Number 94-0744280  
 Plan Number 002  
 Schedule of Assets (Held at End of Year)  
 December 31, 2002

(a)	(b) IDENTITY OF ISSUER, BORROWER	(c) DESCRIPTION
	Pooled Accounts	
*	ING	Separate Account, ING Fixed Account
*	ING	Separate Account, ING VP Money Market Portfolio -- 1,974.830 Units
*	ING	Separate Account, ING GNMA Income Fund -- 3,125.554 Units
*	ING	Separate Account, ING PIMCO Total Return Portfolio -- 366.179 Units
*	ING	Separate Account, Pioneer High Yield Fund -- 41.274 Units
*	ING	Separate Account, ING UBS Tactical Asset Allocation -- 194.905 Units
*	ING	Separate Account, ING VP Strategic Allocation Balanced Portfolio -- 1,215.847 Units
*	ING	Separate Account, ING VP Strategic Allocation Income Portfolio -- 169.559 Units
*	ING	Separate Account, Oppenheimer Capital Income Fund -- 40,696.350 Units

CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 Employer I.D. Number 94-0744280  
 Plan Number 002  
 Schedule of Assets (Held at End of Year)  
 December 31, 2002

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(a)	(b) IDENTITY OF ISSUER, BORROWER	(c) DESCRIPTION
	Pooled Accounts (Continued)	
*	ING	Separate Account, Alliance Growth and Income Portfolio -- 42,778.099 Units
*	ING	Separate Account, ING Van Kempen Comstock Portfolio -- 225.179 Units
*	ING	Separate Account, ING VP Index Plus LargeCap Portfolio -- 59,452.303 Units
*	ING	Separate Account, Fidelity VIP Growth Portfolio -- 86,300.701 Units
*	ING	Separate Account, Fidelity VIP II Contrafund -- 4,051.437 Units
*	ING	Separate Account, ING T. Rowe Price Growth Equity Portfolio -- 7,290.058 Units
*	ING	Separate Account, Ariel Appreciation Fund -- 2,321.060 Units
*	ING	Separate Account, Ariel Fund -- 22,031.207 Units
*	ING	Separate Account, Baron Growth Fund -- 7,666.661 Units
*	ING	Separate Account, Fidelity Advisor Mid Cap Fund -- 4,190.828 Units

CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 Employer I.D. Number 94-0744280  
 Plan Number 002  
 Schedule of Assets (Held at End of Year)  
 December 31, 2002

(a)	(b) IDENTITY OF ISSUER, BORROWER	(c) DESCRIPTION
-----	-------------------------------------	-----------------

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Pooled Accounts (Continued)		
*	ING	Separate Account, Franklin Balance Sheet Investment Fund -- 3,966.426 Units
*	ING	Separate Account, Franklin Small-Mid Cap Growth Fund -- 37,250.506 Units
*	ING	Separate Account, ING American Century Small Cap Value Portfolio -- 225.678 Units
*	ING	Separate Account, ING VP Index Plus SmallCap Portfolio -- 387.922 Units
*	ING	Separate Account, Lord Abbett Mid-Cap Value Fund -- 667.163 Units
*	ING	Separate Account, Prudential Jennison Equity Opportunity Fund -- 5,011.423 Units
*	ING	Separate Account, ING VP International Value Portfolio -- 14,810.917 Units
*	ING	Separate Account, Oppenheimer Global Fund -- 1.972 Units
*	ING	Separate Account, Templeton Foreign Fund -- 0.824 Units

12

Page 4 of 4

CALLON PETROLEUM COMPANY  
 EMPLOYEE SAVINGS AND PROTECTION PLAN  
 Employer I.D. Number 94-0744280  
 Plan Number 002  
 Schedule of Assets (Held at End of Year)  
 December 31, 2002

(a)	(b) IDENTITY OF ISSUER, BORROWER	(c) DESCRIPTION
*	ING	Separate Account, Templeton Growth Fund -- 13,207.511 units

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Total Pooled Accounts

*	Participant Loans	4.75 percent -- 7.5 percent interest , maturity ranging 0-5 years, with residential maturing in 30 years
*	Callon Petroleum Company	173,969 shares
	Equitable Life Assurance Society	Life Insurance Policies

\*Party-in-interest

13

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

CALLON PETROLEUM COMPANY  
(Registrant)

Date: October 15, 2003  
-----

By: /s/ John S. Weatherly  
-----

John S. Weatherly  
Senior Vice President and Chief Financial Officer  
(on behalf of the registrant and as the principal  
financial officer

EXHIBIT INDEX

Exhibit Index	Description
-----	-----
23.1	Consent of Horne CPA Group, independent accountants