

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 11, 2020

CALLON
PETROLEUM
Callon Petroleum Company
(Exact name of registrant as specified in its charter)

DE

(State or Other Jurisdiction of Incorporation)

001-14039

(Commission File Number)

64-0844345

(I.R.S. Employer Identification Number)

One Briarlake Plaza
2000 W. Sam Houston Parkway S., Suite 2000
Houston, TX 77042
(Address of Principal Executive Offices, and Zip Code)

(281) 589-5200
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	CPE	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

The information set forth herein under Item 8.01 below is incorporated by reference herein.

Item 8.01 Other Events.

On May 11, 2020, Callon issued a press release announcing that it has commenced a private exchange offer (the “Exchange Offer”) to certain eligible holders to exchange its outstanding 6.25% Senior Notes due 2023 (the “2023 Notes”), its 8.25% Senior Notes due 2025 (the “2025 Senior Notes,” together with the 2023 Notes, the “Carrizo Notes”), its 6.125% Senior Notes due 2024 (the “2024 Notes”) and its 6.375% Senior Notes due 2026 (the “2026 Notes,” together with the 2024 Notes, the “Callon Notes” and, together with the Carrizo Notes, the “Old Notes”), upon the terms and subject to the conditions set forth in the Company’s Offering Memorandum Confidential Offering Memorandum and Consent Solicitation Statement, dated May 11, 2020 (the “Offering Memorandum”), to exchange their Old Notes for up to \$300,000,000 aggregate principal amount of newly issued 8.000% Second Lien Senior Secured Notes due 2025 (the “New Notes”). In conjunction with the Exchange Offer, the Company is soliciting consents from holders of each series of Old Notes (the “Consent Solicitations” and such consents, the “Consents”) to certain proposed amendments to the indentures governing each of the Old Notes (the “Old Notes Indentures”), to eliminate substantially all of the restrictive covenants and certain of the default provisions contained therein (the “Proposed Amendments”). The Company must receive Consents from holders representing a majority of the outstanding principal amount of each series of Old Notes to adopt the Proposed Amendments with respect to the applicable Old Notes Indenture.

A copy of the press release announcing the Exchange Offer and the Consent Solicitations is furnished as Exhibit 99.1 hereto and incorporated by reference herein. Additionally, certain information regarding the Company’s proved reserves as of March 31, 2020, set forth in the Offering Memorandum, are included on Exhibit 99.2 hereto and incorporated by reference herein.

The information in this Current Report on Form 8-K is for informational purposes only and is not an offer to purchase, exchange or sell or a solicitation of an offer to purchase, exchange or sell any securities, nor shall there be any offer, solicitation, sale or, exchange of any securities in any jurisdiction in which such offer, solicitation, sale, or exchange would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Exhibit Title or Description
99.1	Press Release Announcing Exchange Offer and Consent Solicitations dated May 11, 2020.
99.2	Information regarding the Company.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Callon Petroleum Company
(Registrant)

May 11, 2020

/s/ Joseph C. Gatto, Jr.

Joseph C. Gatto, Jr.
President and Chief Executive Officer



FOR IMMEDIATE RELEASE

Callon Petroleum Company Announces Commencement of Exchange Offer and Consent Solicitations for Outstanding 6.25% Senior Notes due 2023, 6.125% Senior Notes due 2024, 8.25% Senior Notes due 2025, and 6.375% Senior Notes due 2026

HOUSTON, May 11, 2020 /PRNewswire/ — Callon Petroleum Company (“Callon” or the “Company”) (NYSE: CPE) today announced it has commenced a private exchange offer (the “Exchange Offer”) to each Eligible Holder (as defined below) of its 6.25% Senior Notes due 2023 (the “2023 Notes”), its 8.25% Senior Notes due 2025 (the “2025 Senior Notes” and, together with the 2023 Notes, the “Carrizo Notes”), its 6.125% Senior Notes due 2024 (the “2024 Notes”) and its 6.375% Senior Notes due 2026 (the “2026 Notes” and, together with the 2024 Notes, the “Callon Notes” and, together with the Carrizo Notes, the “Old Notes”) to exchange their Old Notes for up to \$300,000,000 aggregate principal amount (the “Maximum Exchange Amount”) of newly issued 8.00% Second Lien Senior Secured Notes due 2025 (the “New Notes”), in each case upon the terms and subject to the conditions set forth in the confidential offering memorandum and consent solicitation statement, dated May 11, 2020 (the “Offering Memorandum”).

The following table sets forth the consideration to be offered to Eligible Holders of the Old Notes in the Exchange Offer:

Title of Series of Old Notes	CUSIP No. / ISIN	Aggregate Outstanding Principal Amount	Early Exchange Consideration (as defined below), if tendered and not withdrawn prior to the Early Tender Date (as defined below)⁽¹⁾	Late Exchange Consideration (as defined below), if tendered after the Early Tender Date and prior to the Expiration Date (as defined below)⁽¹⁾	Acceptance Priority Level
6.25% Senior Notes due 2023	144577AH6 / US144577AH67	\$650,000,000	\$400	\$350	1
6.125% Senior Notes due 2024	13123XAT9 / US13123XAT90; 13123XAU6 / US13123XAU63; AN7061566 / USU1303XAD85	\$600,000,000	\$400	\$350	2
8.25% Senior Notes due 2025	144577AJ2 / US144577AJ24	\$250,000,000	\$400	\$350	3
6.375% Senior Notes due 2026	13123XAZ5 / US13123XAZ50	\$400,000,000	\$400	\$350	4

(1) Total principal amount of New Notes for each \$1,000 principal amount of Old Notes tendered and accepted for exchange.

Eligible Holders who tender their Old Notes at or prior to 5:00 p.m., New York City Time, on May 22, 2020, unless extended (such time and date as it may be extended, the “Early Tender Date”), will be eligible to receive \$400 principal amount of New Notes (the “Early Exchange Consideration”) for each \$1,000 principal amount of Old Notes tendered and accepted for exchange. Eligible Holders tendering Old Notes after the Early Tender Date and at or prior to 11:59 p.m., New York City time, on June 8, 2020, unless extended (such time and date as it may be extended, the “Expiration Date”), will be eligible to receive \$350 principal amount of New Notes (the “Late Exchange Consideration”) for each \$1,000 principal amount of Old Notes tendered for exchange. In the event that the aggregate amount of New Notes to be issued in respect of Old Notes validly tendered (and not validly withdrawn) would exceed the Maximum Exchange Amount, Old Notes will be accepted on a prorated basis within the applicable Acceptance Priority Level.

In addition to the consideration described above, the Company will pay in cash accrued and unpaid interest on the Old Notes accepted in the Exchange Offer from the applicable latest interest payment date to, but not including, the settlement date for the Exchange Offer, which will occur promptly after the Expiration Date and is expected to occur on June 10, 2020. Interest on the New Notes will accrue from the date of issuance of the New Notes.

In conjunction with the Exchange Offer, the Company is soliciting consents (the “Consent Solicitations”) from holders of each series of Old Notes (“Consents”) to certain proposed amendments to the indentures governing each of the Old Notes (the “Old Notes Indentures”) to eliminate substantially all of the restrictive covenants and certain of the default provisions contained therein (the “Proposed Amendments”). The Company must receive Consents from holders representing a majority of the outstanding principal amount of each series of Old Notes to adopt the Proposed Amendments with respect to the applicable Old Notes Indenture (the “Requisite Consents”). Following consummation of the Exchange Offer and the Consent Solicitations, any holders of the Old Notes that do not participate in the Exchange Offer would rank effectively junior to the New Notes to the extent of the value of the collateral securing the New Notes.

Eligible Holders of Old Notes may not tender Old Notes without delivering the related Consents, and Eligible Holders of Old Notes may not deliver Consents without tendering the related Old Notes. The Exchange Offer and Consent Solicitations may be terminated, withdrawn, amended or extended at any time and for any reason. Neither of the Exchange Offer is conditioned upon any minimum amount of Old Notes tendered or the receipt of the Requisite Consents to the Proposed Amendments.

Tenders of Old Notes in the Exchange Offer may be validly withdrawn at any time prior to 5:00 p.m., New York City time, on May 22, 2020, unless extended (as it may be extended, the “Withdrawal Deadline”). Old Notes (including Old Notes tendered after the Withdrawal Deadline) may not be withdrawn from the Exchange Offer and the related Consents may not be revoked from the Consent Solicitations after the Withdrawal Deadline, subject to applicable law.

The Exchange Offer and Consent Solicitations will only be made, and the New Notes are only being offered and issued, to holders of Old Notes who are (a) reasonably believed to be “qualified institutional buyers” as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or (b) not “U.S. persons” as defined in Rule 902 under the Securities Act and are in compliance with Regulation S under the Securities Act (any such holder, an “Eligible Holder”). Only Eligible Holders who have completed and returned the eligibility letter are authorized to receive or review the Offering Memorandum or to participate in the Exchange Offer and Consent Solicitations. Eligible Holders of the Old Notes who desire to obtain and complete an eligibility form should contact the information agent and exchange agent, D.F. King & Co., at (877) 896-3192 (toll-free) or (212) 269-5550 (for banks and brokers) or email cpe@dfking.com.

Eligible Holders of the Old Notes are urged to carefully read the Offering Memorandum before making any decision with respect to the Exchange Offer and Consent Solicitations. None of the Company, the dealer managers, the trustees with respect to the Old Notes and the New Notes, the information and exchange agent or any affiliate of any of them makes any recommendation as to whether Eligible Holders of the Old Notes should exchange their Old Notes for New Notes in the Exchange Offer, and no one has been authorized by any of them to make such a recommendation. Eligible Holders must make their own decision as to whether to tender Old Notes and, if so, the principal amount of Old Notes to tender.

The New Notes and the Exchange Offer have not been and will not be registered with the U.S. Securities and Exchange Commission under the Securities Act, or any state or foreign securities laws. The New Notes may not be offered or sold in the United States or for the account or benefit of any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Exchange Offer and Consent Solicitations are not being made to Eligible Holders of Old Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. This press release is for informational purposes only and is not an offer to purchase or a solicitation of an offer to purchase or sell any securities, nor shall there be any sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Callon Petroleum Company

Callon Petroleum Company is an independent oil and natural gas company focused on the acquisition, exploration, and development of high-quality assets in the leading oil plays of South and West Texas.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements regarding the Company's Exchange Offer and Consent Solicitations; wells anticipated to be drilled and placed on production; future levels of drilling activity and associated production and cash flow expectations; the Company's production guidance and capital expenditure forecast; estimated reserve quantities and the present value thereof; anticipated returns and financial position; and the implementation of the Company's business plans and strategy, as well as statements including the words "believe," "expect," "may," "will," "forecast," "outlook," "plans" and words of similar meaning. These statements reflect the Company's current views with respect to future events and financial performance based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. No assurances can be given, however, as of this date, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain factors. Any forward-looking statement speaks only as of the date of which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Some of the factors which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements include the volatility of oil, natural gas and natural gas liquids ("NGLs") prices or a prolonged period of low oil, natural gas or NGLs prices and the effects of actions by, or disputes among or between, members of the Organization of Petroleum Exporting Countries, such as Saudi Arabia and other oil and natural gas producing countries, such as Russia, with respect to production levels or other matters related to the price of oil, general economic conditions, including the availability of credit and access to existing lines of credit, the effects of excess supply of oil and natural gas resulting from reduced demand caused by the COVID-19 pandemic and the actions of certain oil and natural gas producing countries; our ability to drill and complete wells, operational, regulatory and environment risks, cost and availability of equipment and labor, our ability to finance our activities, the ultimate timing, outcome and results of integrating the operations of Carrizo and Callon and the ability of the combined company to realize anticipated synergies and other benefits in the timeframe expected or at all, and other risks more fully discussed in our filings with the Securities and Exchange Commission (the "SEC"), including our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q and subsequent Quarterly Reports on Form 10-Q, available on our website or the SEC's website at www.sec.gov.

Contact:

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Information regarding the Company

Set forth below is information regarding Callon Petroleum Company included in the Offering Memorandum.

Summary Historical Reserve Data

The following table summarizes our estimated proved reserves, standardized measure of discounted future net cash flows and PV-10. The SEC pricing reserves estimates presented in the table below prepared in accordance with SEC rules and regulations regarding oil, natural gas and NGL reserves reporting (the "SEC Pricing Reserves") and are based on reports prepared by DeGolyer and MacNaughton ("D&M"), our independent third party reserve engineers, and Ryder Scott Company, L.P. ("Ryder Scott" and, together with D&M, the "Reserve Specialists"), the independent third party reserve engineers historically retained by Carrizo. The strip pricing reserves estimates presented in the table below as of March 31, 2020 were prepared using closing month futures prices as reported on the NYMEX WTI for oil and NYMEX Henry Hub for natural gas on April 30, 2020 (the "Strip Pricing Reserves"). The SEC Pricing Reserves presented in the table below as of March 31, 2020 were prepared by our management team. There are numerous uncertainties inherent in establishing quantities of proved reserves. The following reserves data represents estimates only, and should not be deemed exact or a prediction of actual production. In addition, the standardized measure of discounted future net cash flows should not be construed as the current market value of the Company's oil and natural gas properties or the cost that would be incurred to obtain equivalent reserves. For further information concerning the Reserve Specialists' estimates of our proved reserves as of December 31, 2019 in relation to evaluating the material presented, see the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business—Proved Oil and Gas Reserves" and the reserve reports included as exhibits in our Annual Report on Form 10-K for the year ended December 31, 2019 incorporated by reference herein.

(in thousands)	Proved Reserves as of December	Proved Reserves as of March 31, 2020	
	31, 2019	SEC Pricing ⁽¹⁾	Strip Pricing ⁽²⁾
Proved developed reserves⁽³⁾			
Crude oil (MBbbls)	152,687	159,856	159,200
Natural gas (MMcf)	320,676	270,818	267,196
NGLs (MBbbls)	24,844	49,285	48,751
Total proved developed reserves (MBoe)⁽⁴⁾	230,977	254,277	252,484
Proved undeveloped reserves⁽³⁾			
Crude oil (MBbbls)	193,674	182,165	181,939
Natural gas (MMcf)	436,458	340,071	338,837
NGLs (MBbbls)	42,618	60,048	59,861
Total proved undeveloped reserves (MBoe)⁽⁴⁾	309,035	298,892	298,273
Total proved reserves⁽³⁾			
Crude oil (MBbbls)	346,361	342,021	341,139
Natural gas (MMcf)	757,134	610,889	606,033
NGLs (MBbbls)	67,462	109,333	108,612
Total proved reserves (MBoe)⁽⁴⁾	540,012	553,169	550,757
PV-10 (Non-GAAP):			
Proved developed PV-10	\$ 3,246.8	\$ 3,534.5	\$ 2,199.0
Proved undeveloped PV-10	2,122.8	1,897.3	903.5
Total PV-10 (Non-GAAP)⁽⁵⁾	\$ 5,369.6	\$ 5,431.8	\$ 3,102.5
Less: present value of future income taxes discounted at 10% per annum	418.6		
Standardized measure of discounted future net cash flows (GAAP)	\$4,951.0		

- (1) The prices used in the calculation of our SEC Pricing Reserves and PV-10 were based on the Average Realized Sales Price for sales of oil, NGLs, and natural gas on the first calendar day of each month during the trailing 12 months in accordance with SEC rules.
- (2) Our Strip Pricing Reserves estimates were prepared on the same basis as our SEC Pricing Reserves, except for the use of pricing based on closing monthly future prices as reported on the NYMEX WTI for oil and NYMEX Henry Hub for natural gas on April 30, 2020. The average future prices for benchmark commodities used in determining our Strip Pricing Reserves were \$26.49 per Bbl for oil for 2020, \$33.51 for 2021, \$36.57 for 2022, \$39.07 for 2023, \$41.31 for 2024, \$43.52 for 2025, \$45.76 for 2026, \$47.96 for 2027, \$50.13 for 2028, \$52.13 for 2029, and \$53.95 for 2030 and thereafter on the NYMEX WTI, and \$2.40 per Mmbtu for natural gas for 2020, \$2.76 for 2021, \$2.54 for 2022, \$2.46 for 2023, \$2.43 for 2024 and 2025, \$2.46 for 2026, \$2.51 for 2027, \$2.54 for 2028, \$2.56 for 2029, \$2.62 for 2030, \$2.73 for 2031, and \$2.83 for 2032 and thereafter, on the NYMEX Henry Hub. NGL pricing used in determining our Strip Pricing Reserves were approximately 26% of future crude oil prices. We believe that the use of forward prices provides investors with additional useful information about our reserves, as the forward prices are based on the market's forward-looking expectations of oil and natural gas prices as of a certain date. Strip pricing futures prices are not necessarily an accurate projection of future oil and gas prices. Investors should be careful to consider forward prices in addition to, and not as a substitute for, SEC prices, when considering our oil and natural gas reserves.
- (3) Effective January 1, 2020, certain of our natural gas processing agreements were modified to allow us to take title to NGLs resulting from the processing of our natural gas. As a result, reserve volumes for NGLs and natural gas are presented separately for periods subsequent to January 1, 2020. For periods prior to January 1, 2020, except for reserve volumes specifically associated with the Carrizo Acquisition, reserve volumes for NGLs were presented with natural gas.
- (4) Calculated by converting natural gas to barrels of oil equivalent at a ratio of six thousand cubic feet of gas to one barrel of oil, which represents their approximate relative energy content.
- (5) PV-10 (Non-GAAP) is the present value of estimated future gross revenue to be generated from the production of estimated net proved reserves, net of estimated production and future development costs, using prices and costs in effect as of the date indicated (unless such prices or costs are subject to change pursuant to contractual provisions), without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expenses or to depreciation, depletion and amortization, discounted using an annual discount rate of 10 percent. While this measure does not include the effect of income taxes as it would in the use of the standardized measure of discounted future net cash flows calculation, it does provide an indicative representation of the relative value of the Company on a comparative basis to other companies from period to period. We believe that the presentation of PV-10 provides greater comparability when evaluating oil and gas companies due to the many factors unique to each individual company that impact the amount and timing of future income taxes. In addition, we believe that PV-10 is widely used by investors and analysts as a basis for comparing the relative size and value of our proved reserves to other oil and gas companies. PV-10 should not be considered in isolation or as a substitute for the standardized measure of discounted future net cash flows or any other measure of a company's financial or operating performance presented in accordance with GAAP. Our definition of PV-10 as may differ significantly from the definitions used by other companies to compute similar measures. As a result, PV-10 as defined may not be comparable to similar measures provided by other companies. Neither PV-10 nor the standardized measure of discounted future net cash flows purport to represent the fair value of our proved oil and gas reserves. GAAP does not prescribe any corresponding measure for PV-10 of reserves as of an interim date or on any basis other than SEC prices. A reconciliation of PV-10 for the SEC Pricing Reserves as of March 31, 2020 to the standardized measure of discounted future net cash flows at this time is not available without unreasonable effort.