

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 2002

COMMISSION FILE NUMBER 001-14039

CALLON PETROLEUM COMPANY

(Exact name of Registrant as specified in its charter)

DELAWARE

64-0844345

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

200 NORTH CANAL STREET
NATCHEZ, MISSISSIPPI 39120

(Address of principal executive offices)(Zip code)

(601) 442-1601

(Registrant's telephone number,
including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

--- ---

As of May 8, 2002, there were 13,439,149 shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding.

CALLON PETROLEUM COMPANY

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CALLON PETROLEUM COMPANY
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

<Table>
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	MARCH 31, 2002	DECEMBER 31, 2001	
	(UNAUDITED)		
	<C>	<C>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,579	\$ 6,887	
Accounts receivable	5,194	5,908	
Other current assets	657	209	
	-----	-----	
Total current assets	9,430	13,004	
	-----	-----	
Oil and gas properties, full cost accounting method:			
Evaluated properties	728,458	704,937	
Less accumulated depreciation, depletion and amortization		(404,843)	(399,339)
	-----	-----	
	323,615	305,598	
	-----	-----	
Unevaluated properties excluded from amortization		40,751	37,560
	-----	-----	
Total oil and gas properties	364,366	343,158	
	-----	-----	
Pipeline and other facilities, net	5,279	5,364	
Other property and equipment, net	2,315	2,455	
Deferred tax asset	6,750	4,399	
Long-term gas balancing receivable	475	473	
Other assets, net	2,925	3,242	
	-----	-----	
Total assets	\$ 391,540	\$ 372,095	
	=====	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 5,302	\$ 9,985	
Undistributed oil and gas revenues	1,042	1,131	
Accrued net profits interest payable	1,427	1,501	
Accounts payable and accrued liabilities to be refinanced		9,566	9,558
Current maturities of long-term debt	66,498	37,345	
	-----	-----	
Total current liabilities	83,835	59,520	
	-----	-----	
Long-term debt-excluding current maturities		157,989	157,366
Capital leases	4,055	4,367	
Deferred revenue on sale of production payment		1,214	2,406
Accrued retirement benefits	136	137	
Long-term gas balancing payable	937	1,075	
	-----	-----	
Total liabilities	248,166	224,871	
	-----	-----	

Stockholders' equity:

Preferred Stock, \$.01 par value, 2,500,000 shares authorized; 600,861 shares of Convertible Exchangeable Preferred Stock, Series A, issued and outstanding with a liquidation preference of \$15,021,525	6	6
Common Stock, \$.01 par value, 20,000,000 shares authorized; 13,424,216 and 13,397,706 shares outstanding at March 31, 2002 and at December 31, 2001, respectively	134	134
Treasury stock (99,078 shares at cost)	(1,183)	(1,183)
Unearned compensation restricted stock	(1,012)	--
Capital in excess of par value	157,456	155,608
Accumulated other comprehensive income	4,058	5,971
Retained earnings (deficit)	(16,085)	(13,312)
	-----	-----
Total stockholders' equity	143,374	147,224
	-----	-----
Total liabilities and stockholders' equity	\$ 391,540	\$ 372,095
	=====	=====

</Table>

The accompanying notes are an integral part of these financial statements.

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CALLON PETROLEUM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<Table>

<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	-----	-----
	<C>	<C>
Revenues:		
Oil and gas sales	\$ 11,054	\$ 20,177
Loss on mark-to-market commodity derivative contracts	(388)	--
Interest and other	570	635
	-----	-----
Total revenues	11,236	20,812
	-----	-----
Costs and expenses:		
Lease operating expenses	2,564	2,673
Depreciation, depletion and amortization	5,588	4,897
General and administrative	1,139	1,123
Interest	5,720	2,621
	-----	-----
Total costs and expenses	15,011	11,314
	-----	-----
Income (loss) from operations	(3,775)	9,498
Income tax expense (benefit)	(1,321)	3,324
	-----	-----
Net income (loss)	(2,454)	6,174
Preferred stock dividends	319	319
	-----	-----
Net income (loss) available to common shares	\$ (2,773)	\$ 5,855
	=====	=====
Net income (loss) per common share:		
Basic	\$ (0.21)	\$ 0.44
	=====	=====
Diluted	\$ (0.21)	\$ 0.41

Shares used in computing net income (loss) per common share:

Basic	13,315	13,253
Diluted	13,315	14,908

</Table>

The accompanying notes are an integral part of these financial statements.

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CALLON PETROLEUM COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

<Table>

<Caption>

THREE MONTHS ENDED

MARCH 31, MARCH 31,
2002 2001

<S>

<C> <C>

Cash flows from operating activities:

Net income (loss)	\$ (2,454)	\$ 6,174
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation, depletion and amortization	5,765	5,027
Amortization of deferred costs	1,128	369
Amortization of deferred production payment revenue	(1,192)	(1,191)
Non-cash derivative income	(2,943)	(243)
Mark-to-market commodity derivative contracts	388	--
Deferred income tax expense	(1,321)	3,324
Non-cash charge related to compensation plans	242	240
Changes in current assets and liabilities:		
Accounts receivable	714	110
Advance to operators	--	(127)
Other current assets	(836)	(87)
Current liabilities	(4,260)	(8,439)
Change in gas balancing receivable	(2)	22
Change in gas balancing payable	(138)	530
Change in other long-term liabilities	(1)	(1)
Change in other assets, net	(188)	(213)
Cash provided (used) by operating activities	(5,098)	5,495

Cash flows from investing activities:

Capital expenditures	(26,748)	(24,071)
Cash provided (used) by investing activities	(26,748)	(24,071)

Cash flows from financing activities:

Change in accounts payable and accrued liabilities to be refinanced	--	7,296
Increase in debt	29,000	6,000
Equity issued related to employee stock plans	16	179
Capital leases	(159)	--
Cash dividends on preferred stock	(319)	(319)
Cash provided (used) by financing activities	28,538	13,156

Net increase (decrease) in cash and cash equivalents (3,308) (5,420)

Cash and cash equivalents:		
Balance, beginning of period	6,887	11,876
	-----	-----
Balance, end of period	\$ 3,579	\$ 6,456
	=====	=====

</Table>

The accompanying notes are an integral part of these financial statements.

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CALLON PETROLEUM COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002

1. BASIS OF PRESENTATION

The financial information presented as of any date other than December 31, has been prepared from the books and records without audit. Financial information as of December 31, has been derived from the audited financial statements of the Company, but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial information for the periods indicated, have been included. For further information regarding the Company's accounting policies, refer to the Consolidated Financial Statements and related notes for the year ended December 31, 2001 included in the Company's Annual Report on Form 10-K dated March 29, 2002.

As discussed in the Company's Annual Report on Form 10-K dated March 29, 2002, the \$36.0 million of the 10.125% Senior Subordinated Notes (the "Notes") will mature on September 15, 2002. When these Notes are extended or redeemed, maturity of the Company's \$75 million Credit Facility with First Union National Bank (the "Credit Facility"), currently scheduled for July 31, 2002, can be extended until July 31, 2004. The Company is currently evaluating options for redeeming the Notes. These options include, but are not limited to, (i) negotiated extensions of the maturity of a portion of these Notes, (ii) increased availability under the Credit Facility and (iii) the issuance of additional senior notes.

Capital commitments in 2002 include non-discretionary capital expenditures and the redemption or extension of the \$36.0 million of Notes. Capital expenditures include completion of the Medusa deepwater discovery, currently scheduled to begin production late in the fourth quarter of 2002. The Company expects that, in addition to cash flow generated during 2002 and current availability under the Credit Facility, approximately \$27 million of additional funding will be required to finance the Company's capital commitments. The Company expects these requirements to be met through the options discussed above. As of early May 2002, the Company has obtained a commitment from holders of approximately \$15.9 million of the Notes to extend the maturity of the Notes until 2004.

The Company anticipates that these funding sources will provide necessary capital to enable the Company to continue its operational activities until such time as production from the Medusa discovery begins. At that time, the Company anticipates that the Medusa reserves and production will be integrated into the borrowing base of the Company's Credit Facility and will provide additional available borrowing capacity. This increase in borrowing capacity as well as significant additional cash flow from the new production will provide funds for future discretionary capital expenditures.

Effective January 1, 2001, the Company adopted Statement of Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended ("SFAS 133"). SFAS 133 establishes accounting and reporting standards requiring that derivative instruments, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or a liability

measured at its fair value. Changes in the value of derivatives that qualify as

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cash flow hedges to the extent effective are reported in other comprehensive income, a component of stockholders' equity, until realized. See Note 3.

2. PER SHARE AMOUNTS

Basic earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the quarter. Diluted earnings or loss per common share were determined on a weighted average basis using common shares issued and outstanding adjusted for the effect of stock options considered common stock equivalents computed using the treasury stock method and the effect of the convertible preferred stock (if dilutive). The earnings per share computation for the three-month period ended March 31, 2001 includes the conversion of preferred stock in the computation of diluted income per share because they were dilutive. The conversion of the preferred stock was not included in the calculation for the quarter ended March 31, 2002 due to their antidilutive effect on diluted income or loss per share.

A reconciliation of the basic and diluted earnings per share computation is as follows (in thousands, except per share amounts):

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	-----	-----
	<C>	<C>
(a) Net income (loss) available for common stock	\$ (2,733)	\$ 5,855
Preferred dividends assuming conversion of preferred stock (if dilutive)	\$ --	\$ 319
(b) Income (loss) available for common stock assuming conversion of preferred stock (if dilutive)	\$ (2,733)	\$ 6,174
(c) Weighted average shares outstanding		13,315
Dilutive impact of stock options		290
Convertible preferred stock (if dilutive)		1,365
(d) Total diluted shares	13,315	14,908
Stock options and warrants excluded due to antidilutive impact	2,598	150
Basic income (loss) per share (a/c)	\$ (0.21)	\$ 0.44
Diluted income (loss) per share (b/d)	\$ (0.21)	\$ 0.41

</Table>

3. DERIVATIVES

The Company periodically uses derivative financial instruments to manage oil and gas price risk.

In March 2002, the Company purchased put options, which established an average floor price of \$2.65 per Mcf on 6.1 Bcf of production from April 2002 through September 2002. The Company elected not to designate these derivative financial instruments as accounting hedges and accordingly, accounted for these contracts under mark-to-market accounting. The Company recognized an unrealized loss of approximately \$388,000 in the first quarter of 2002 related to these derivative contracts. Fair value of these puts is \$443,000 at March 31, 2002.

In April 2001, the Company entered into derivative contracts for 2002 production with Enron North America Corp. ("Enron derivatives"). Enron North America Corp. filed for protection

under the bankruptcy laws in late 2001. As a result of the credit risk associated with these Enron derivatives, hedge accounting was not available due to ineffectiveness as of September 30, 2001 and the contracts as of December 31, 2001 have been marked to the market. In the fourth quarter of 2001, the Company charged to expense (non-cash) \$9.2 million related to these Enron derivatives. The Company has no other contracts with Enron or its subsidiaries.

The \$5,971,000 (net of tax) recorded in other comprehensive income at December 31, 2001 is related to the fair value as of September 30, 2001 of the natural gas collar contracts with Enron North America Corp., which mature in 2002. As the contracts mature in 2002, the Company will record non-cash revenue each month, offsetting the amounts in other comprehensive income related to the derivatives. The Company recorded approximately \$2.9 million related to these Enron derivatives in the first quarter of 2002 as oil and gas revenue.

The Company has no other derivative contracts.

4. LONG-TERM DEBT

Approximately \$7.3 million at March 31, 2001 related to long-term assets, primarily oil and gas properties, were financed subsequent to quarter-end with long-term debt and have been reclassified as long-term. The 2002 amount of \$9.6 million is included in current liabilities to correspond to the maturity of the Credit Facility.

5. COMPREHENSIVE INCOME

An analysis of the Company's comprehensive income is detailed below (in thousands):

<Table>

<Caption>

	THREE MONTHS ENDED MARCH 31, 2002		THREE MONTHS ENDED MARCH 31, 2001	
	<C>	<C>		
<S> Net income (loss)	\$	(2,454)	\$	6,174
Other comprehensive income (loss):				
Cumulative effect of change in accounting principle	\$	--	\$	(3,764)
Change in unrealized derivatives' fair value	--			3,199
Amortization of Enron derivatives		(1,913)		--
		(1,913)		(565)
Total comprehensive income	\$	(4,367)	\$	5,609

</Table>

6. 2002 STOCK PLAN

In February 2002, the Board of Directors of the Company approved and adopted the 2002 Stock Incentive Plan (the "2002 Plan"). Pursuant to the 2002 Plan, 350,000 shares of common stock have been reserved for issuance upon the exercise of options or for grants of stock options, stock appreciation rights or units, bonus stock, or performance shares or units.

In the first quarter of 2002, the Company awarded 300,000 shares of restricted stock from the 2002 Plan to certain officers and employees to be issued as vested. These shares will vest over a three-year period (one third in each year) beginning in November 2002. The deferred compensation portion of this grant will be amortized to expense over the vesting period.

7. SUBSEQUENT EVENT-SALE OF PIPELINES

In May 2002, the Company completed the sale of its natural gas pipeline at the North Dauphin Island field in Mobile Bay as well as its interest in a pipeline that is currently not in use, in the Mobile 908 Area. The Company received \$7.0 million and the pipelines had a net book value of \$4.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report includes "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. All statements other than statements of historical facts included in this report, including statements regarding the Company's financial position, adequacy of resources, estimated reserve quantities, business strategies, plans, objectives and expectations for future operations and covenant compliance, are forward-looking statements. The Company can give no assurances that the assumptions upon which such forward-looking statements are based will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations ("Cautionary Statements") are disclosed below, in the section "Risk Factors" included in the Company's Form 10-K, elsewhere in this report and from time to time in other filings made by the Company with the Securities and Exchange Commission. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the Cautionary Statements.

GENERAL

The Company's revenues, profitability and future growth and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of oil and gas and its ability to find, develop and acquire additional oil and gas reserves that are economically recoverable. The Company's ability to maintain or increase its borrowing capacity and to obtain additional capital on attractive terms is also influenced by oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include weather conditions in the United States, the condition of the United States economy, the actions of the Organization of Petroleum Exporting Countries, governmental regulations, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternate fuel sources. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the Company's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations. The Company uses derivative financial instruments for price protection purposes on a limited amount of its future production and does not use them for trading purposes.

The following discussion is intended to assist in an understanding of the Company's historical financial positions and results of operations. The Company's historical financial statements and notes thereto included elsewhere in this quarterly report contains detailed information that should be referred to in conjunction with the following discussion.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of capital are its cash flows from operations, borrowings from financial institutions and the sale of debt and equity securities. Net cash and cash equivalents during the three months ended March 31, 2002 decreased by \$3.3 million and net cash flows from operations before working capital changes totaled \$.8 million. Net capital expenditures from the cash flow statement for the period totaled \$26.7 million.

As discussed in the Company's Annual Report on Form 10-K dated March 29, 2002, the \$36.0 million of Notes will mature on September 15, 2002. When these Notes are extended or redeemed, maturity of the Credit Facility, currently scheduled for July 31, 2002, can be extended until July 31, 2004. The Company is currently evaluating options for redeeming the Notes. These options include, but are not limited to, (i) negotiated extensions of the maturity of a portion of these Notes, (ii) increased availability under the Credit Facility and (iii) the issuance of additional senior notes.

Capital commitments in 2002 include non-discretionary capital expenditures and the redemption or extension of the \$36.0 million of Notes. Capital expenditures include completion of the Medusa deepwater discovery, currently scheduled to begin production late in the fourth quarter of 2002. The Company expects that, in addition to cash flow generated during 2002 and current availability under the Credit Facility, approximately \$27 million of additional funding will be required to finance the Company's capital commitments. The Company expects these requirements to be met through the options discussed above. As of early May 2002, the Company has obtained a commitment from holders of approximately \$15.9 million of the Notes to extend the maturity of the Notes until 2004.

The Company anticipates that these funding sources will provide necessary capital to enable the Company to continue its operational activities until such time as production from the Medusa discovery begins. At that time, the Company anticipates that the Medusa reserves and production will be integrated into the borrowing base of the Company's Credit Facility and will provide additional available borrowing capacity. This increase in borrowing capacity as well as significant additional cash flow from the new production will provide funds for future discretionary capital expenditures.

At March 31, 2002, the Company had working capital of \$1.7 million, excluding current maturities of long-term debt and liabilities to be refinanced.

CAPITAL EXPENDITURES

Capital expenditures for exploration and development costs related to oil and gas properties totaled approximately \$26.7 million in the first three months of 2002. The Company incurred approximately \$11.4 million in the Gulf of Mexico Shelf Area, including \$5.1 million related to the production facility under construction in the first quarter of 2002 in the Mobile Block 952/953/955 area.

The Gulf of Mexico Deepwater area expenditures accounted for the remainder of the total capital expended, primarily for additional development costs for production facilities at the Company's Medusa discovery. Interest and general and administrative costs allocable directly to exploration and development projects were approximately \$3.9 million for the first three months of 2002.

For the remainder of the year, the Company will continue evaluating property acquisitions and drilling opportunities. The Company has forecasted up to \$25.9 million in capital expenditures for the remainder of 2002. The major portion of the capital expenditure budget will be used for development of the Company's Medusa discovery.

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RESULTS OF OPERATIONS

The following table sets forth certain unaudited operating information with respect to the Company's oil and gas operations for the periods indicated.

<Table>
<Caption>

	THREE MONTHS ENDED MARCH 31,	
	2002(a)(b)	2001(a)(b)
	<C>	<C>
<S>		
Production volumes:		
Oil (MBbls)	54	51
Gas (MMcf)	3,029	3,444
Total production (MMcfe)	3,353	3,751

Average daily production (MMcfe)		37.3	41.7
Average sales price: (a)			
Oil (Bbls)	\$ 18.65	\$ 26.62	
Gas (Mcf)	2.34	5.46	
Total (Mcf)	2.42	5.38	
Average costs (per Mcfe):			
Lease operating (excluding severance taxes)		\$ 0.69	\$ 0.61
Severance taxes	0.07	0.11	
Depletion	1.64	1.28	
General and administrative (net of management fees)		0.34	0.30

</Table>

(a) Includes hedging gains and losses.

(b) Includes volumes of 574 MMcf for both three-month periods ended March 31, 2001 and 2002 at an average price of \$2.08 per Mcf associated with a volumetric production payment.

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COMPARISON OF RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND THE THREE MONTHS ENDED MARCH 31, 2001.

Oil and Gas Production and Revenues

Total oil and gas revenues decreased 45% from \$20.2 million in the first quarter of 2001 to \$11.1 million in the first quarter of 2002. Both oil and gas prices were substantially lower when compared to the same period in 2001. Oil and gas revenues include approximately \$2.9 million related to the Enron derivatives as described in Note 3 to the Consolidated Financial Statements. Average sales price in this discussion do not include the oil and gas sales associated with these Enron derivatives.

Total production for the first quarter of 2002 declined by 11% versus the first quarter of 2001. Production decreases at Mobile Bay Block 952/953/955, due to downtime associated with the installation of a new production facility, and at East Cameron 275, were partially offset by production from new discoveries at High Island A-494 and East Cameron 294.

Gas production during the first quarter of 2002 totaled 3.0 Bcf and generated \$6.9 million in revenues compared to 3.4 Bcf and \$18.8 million in revenues during the same period in 2001. The average sales price for the first quarter of 2002 averaged \$2.35 per Mcf compared to \$5.46 per Mcf at this time last year. Production decreases at Mobile Bay Block 952/953/955, due to downtime associated with the installation of a new production facility, and at East Cameron 275, were partially offset by production from new discoveries at High Island A-494 and East Cameron 294.

Oil production during the first quarter of 2002 totaled 54,000 barrels and generated \$1.0 million in revenues compared to 51,000 barrels and \$1.4 million in revenues for the same period in 2001. Average oil prices received in the first quarter of 2002 were \$18.65 compared to \$26.62 in 2001.

Lease Operating Expenses

Lease operating expenses, for the three-month period ending March 31, 2002 were \$2.6 million compared to \$2.7 million for the same period in 2001.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization for the three months ending March 31, 2002 and 2001 were \$5.6 million and \$4.9 million, respectively. This increase is primarily due to a higher average rate in the first quarter of 2002.

General and Administrative

General and administrative expense, net of amounts capitalized, remained constant at \$1.1 million for both three month periods ended March 31, 2002 and March 31, 2001.

Interest Expense

Interest expense increased to \$5.7 million during the three months ended March 31, 2002 from \$2.6 million during the three months ended March 31, 2001. An increase in the Company's long-term debt contributed to the greater interest expense.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's revenues are derived from the sale of its crude oil and natural gas production. In recent months, the prices for oil and gas have increased; however, they remain extremely volatile and sometimes experience large fluctuations as a result of relatively small changes in supplies, weather conditions, economic conditions and government actions. From time to time, the Company enters into derivative financial instruments (forward sales or swaps) to hedge oil and gas price risks for the production volumes to which the hedge relates. The hedges reduce the Company's exposure on the hedged volumes to decreases in commodity prices and limit the benefit the Company might otherwise have received from any increases in commodity prices on the hedged volumes. The Company from time to time has acquired puts which reduce the Company's exposure to decreases in commodity prices while allowing realization of the full benefit from any increases in commodity prices.

The Company also enters into price "collars" to reduce the risk of changes in oil and gas prices. Under these arrangements, no payments are due by either party so long as the market price is above the floor price set in the collar and below the ceiling. If the price falls below the floor, the counter-party to the collar pays the difference to the Company and if the price is above the ceiling, the counter-party receives the difference from the Company.

The Company enters into these various agreements from time to time to reduce the effects of volatile oil and gas prices and does not enter into hedge transactions for speculative purposes. However, certain of the Company's positions may not be designated as hedges for accounting purposes.

See Note 3 to the Consolidated Financial Statements for a description of the Company's hedged position at March 31, 2002. There have been no significant changes in market risks faced by the Company since the end of 2001.

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CALLON PETROLEUM COMPANY

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a.) Exhibits

2. Plan of acquisition, reorganization, arrangement, liquidation or succession*
3. Articles of Incorporation and By-Laws
 - 3.1 Certificate of Incorporation of the Company, as amended (incorporated by reference from Exhibit 3.1 of the Company's Registration Statement on Form S-4, filed August 4, 1994, Reg. No. 33-82408)
 - 3.2 Certificate of Merger of Callon Consolidated Partners, L. P. with and into the Company dated September 16, 1994 (incorporated by reference from Exhibit 3.2 of the Company's Report on Form 10-K for the period ended December 31, 1994, File No. 000-25192)
 - 3.3 Bylaws of the Company (incorporated by reference from Exhibit 3.2 of the Company's Registration Statement on Form S-4, filed August 4, 1994, Reg. No. 33-82408)
4. Instruments defining the rights of security holders,

including indentures

- 4.1 Specimen stock certificate (incorporated by reference from Exhibit 4.1 of the Company's Registration Statement on Form S-4, filed August 4, 1994, Reg. No. 33-82408)
- 4.2 Specimen Preferred Stock Certificate (incorporated by reference from Exhibit 4.2 of the Company's Registration Statement on Form S-1, Reg. No. 33-96700)
- 4.3 Designation for Convertible Exchangeable Preferred Stock, Series A (incorporated by reference from Exhibit 4.3 of the Company's Registration Statement on Form S-1/A, filed November 13, 1995, Reg. No. 33-96700)
- 4.4 Indenture for Convertible Debentures (incorporated by reference from Exhibit 4.4 of the Company's Registration Statement on Form S-1, filed November 13, 1995, Reg. No. 33-96700)

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- 4.5 Certificate of Correction on Designation of Series A Preferred Stock (incorporated by reference from Exhibit 4.4 of the Company's Registration Statement on Form S-1, filed November 22, 1996, Reg. No. 333-15501)
 - 4.6 Indenture for the Company's 10.125% Senior Subordinated Notes due 2002 dated as of July 31, 1997 (incorporated by reference from Exhibit 4.1 of the Company's Registration Statement on Form S-4, filed September 25, 1997, Reg. No. 333-36395)
 - 4.7 Form of Note Indenture for the Company's 10.25% Senior Subordinated Notes due 2004 (incorporated by reference from Exhibit 4.10 of the Company's Registration Statement on Form S-2, filed June 14, 1999, Reg. No. 333-80579)
 - 4.8 Rights Agreement between Callon Petroleum Company and American Stock Transfer & Trust Company, Rights Agent, dated March 30, 2000 (incorporated by reference from Exhibit 4 of the Company's 8-K filed April 6, 2000, File No. 001-14039)
 - 4.9 Subordinated Indenture for the Company dated October 26, 2000 (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K dated October 24, 2000, File No.001-14039)
 - 4.10 Supplemental Indenture for the Company's 11% Senior Subordinated Notes due 2005 (incorporated by reference from Exhibit 4.2 of the Company's Current Report on Form 8-K dated October 24, 2000, File No.001-14039)
 - 4.11 Warrant dated as of June 29, 2001 entitling Duke Capital Partners, LLC to purchase common stock from the Company. (incorporated by reference to Exhibit 4.11 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001, File No. 001-14039)
10. Material contracts*
 11. Statement re computation of per share earnings*
 15. Letter re unaudited interim financial information*
 18. Letter re change in accounting principles*
 19. Report furnished to security holders*

22. Published report regarding matters submitted to vote of security holders*

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23. Consents of experts and counsel*

24. Power of attorney*

99. Additional exhibits*

(b) Reports on Form 8-K

None

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*Inapplicable to this filing

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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 thereunto duly authorized.

CALLON PETROLEUM COMPANY

Date: May 13, 2002

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)

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