

CALLON PETROLEUM CO

Form 424B7

June 01, 2016

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Filed pursuant to Rule 424(b)(7)

Registration No. 333-210612

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of</b>	<b>Amount</b>	<b>Proposed</b>	<b>Proposed</b>	
	<b>to be</b>	<b>Maximum</b>	<b>Maximum</b>	
<b>Securities to be Registered</b>	<b>Registered</b>	<b>Offering Price</b>	<b>Offering Price</b>	<b>Amount of</b>
		<b>per Share (1)</b>	<b>Offering Price</b>	<b>Registration Fee (2)</b>
Common stock, par value \$0.01 per share	9,333,333	\$11.58	\$108,079,996	\$10,884

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended (the Securities Act ), based on the average of the high and low sales prices per share of our common stock as reported on the New York Stock Exchange on May 31, 2016.
- (2) Calculated in accordance with Rule 456(b) and Rule 457(r) under the Securities Act.

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**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated April 5, 2016)**

**9,333,333 shares**

**Callon Petroleum Company**

**Common stock**

This prospectus supplement relates to the offering of up to 9,333,333 shares of our common stock, by the selling stockholders identified in this prospectus supplement. We will not receive any proceeds from the sale by the selling stockholders of shares of common stock in this offering.

Our common stock is listed on the New York Stock Exchange (the NYSE ) under the symbol CPE. On May 31, 2016, the last reported sale price of our common stock as reported on the NYSE was \$11.39 per share.

**Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-7 of this prospectus supplement and page 2 of the accompanying prospectus and the documents incorporated by reference herein and therein.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus supplement is June 1, 2016.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

No person is authorized to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus dated April 5, 2016. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus constitute an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information we have included in this prospectus supplement or the accompanying prospectus is accurate only as of the date of this prospectus supplement or the accompanying prospectus and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

This prospectus supplement and the accompanying prospectus contain the terms of this offering. This prospectus supplement may add, update or change information contained or incorporated by reference in the accompanying prospectus. In addition, the information incorporated by reference in the accompanying prospectus may have added, updated or changed information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with any information in the accompanying prospectus (or any information incorporated therein by reference), this prospectus supplement will apply and will supersede such information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference before making your investment decision. You should also read and consider the additional information under the caption "Where You Can Find More Information" in this prospectus supplement and the accompanying prospectus.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the underlying prospectus and the documents incorporated by reference in this prospectus supplement include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as anticipate, project, intend, estimate, expect, believe, predict, budget, projection, target or similar expressions intended to identify forward-looking statements.

All statements, other than statements of historical facts, included in this prospectus supplement, the underlying prospectus and the documents incorporated by reference in this prospectus supplement that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements, including such things as:

our oil and gas reserve quantities, and the discounted present value of these reserves;

the amount and nature of our capital expenditures;

our future drilling and development plans and our potential drilling locations;

the timing and amount of future production and operating costs;

commodity price risk management activities and the impact on our average realized prices;

business strategies and plans of management;

our ability to close any transactions, the anticipated timing and terms of transactions, our ability to realize the anticipated benefits of transactions, and our ability to manage the risks of transactions; and

prospect development and property acquisitions.

Some of the risks, which could affect our future results and could cause results to differ materially from those expressed in our forward-looking statements, include:

general economic conditions including the availability of credit and access to existing lines of credit;

the volatility of oil and natural gas prices;

the uncertainty of estimates of oil and natural gas reserves;

the impact of competition;

the availability and cost of seismic, drilling and other equipment;

operating hazards inherent in the exploration for and production of oil and natural gas;

difficulties encountered during the exploration for and production of oil and natural gas;

difficulties encountered in delivering oil and natural gas to commercial markets;

changes in customer demand and producers' supply;

the uncertainty of our ability to attract capital and obtain financing on favorable terms;

compliance with, or the effect of changes in, the extensive governmental regulations regarding the oil and natural gas business including those related to climate change and greenhouse gases;

the impact of government regulation, including regulation of endangered species, any increase in severance or similar taxes;

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litigation relating to hydraulic fracturing, the climate and over-the-counter derivatives;

the financial impact of accounting regulations and critical accounting policies;

the comparative cost of alternative fuels;

credit risk relating to the risk of loss as a result of non-performance by our counterparties;

weather conditions; and

the risk factors discussed under the heading "Risk Factors" in this prospectus supplement, the underlying prospectus and those discussed in the documents we have incorporated by reference.

All forward-looking statements, expressed or implied, included in this prospectus supplement, the underlying prospectus and the documents we incorporate by reference are expressly qualified in their entirety by this cautionary note. This cautionary note should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus supplement.

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**SUMMARY**

*This summary provides a brief overview of information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should carefully read this entire prospectus supplement and the accompanying prospectus before making an investment decision, including the information presented under the headings *Risk Factors* and *Cautionary Note Regarding Forward-Looking Statements* in this prospectus supplement and the financial statements and other information incorporated by reference into this prospectus supplement and the accompanying prospectus.*

*In this prospectus supplement, unless the context otherwise requires, the terms *we*, *us*, *our*, and *the Company* refer to Callon Petroleum Company and its consolidated subsidiaries.*

**Overview**

Callon Petroleum Company is an independent oil and natural gas company established in 1950. We are focused on the acquisition, development, exploration and exploitation of unconventional, onshore, oil and natural gas reserves in the Permian Basin in West Texas and, more specifically, the Midland Basin. Our drilling activity in this area to date has been predominantly focused on the horizontal development of several prospective intervals, including multiple levels of the Wolfcamp formation and, more recently, the Lower Spraberry shale. We have assembled a multi-year inventory of potential horizontal well locations and intend to add to this inventory through delineation drilling of emerging zones on our existing acreage and acquisition of additional locations through working interest acquisitions, acreage purchases, joint ventures and asset swaps.

**Recent developments**

***Big Star Acquisition***

On May 26, 2016, we completed the acquisition of certain oil and gas producing properties and undeveloped acreage in the Midland Basin operated by Big Star Oil & Gas, LLC (the *Big Star Acquisition*) for total consideration of \$220 million in cash and 9,333,333 shares of our common stock issued to the selling stockholders, subject to customary purchase price adjustments and indemnifications. At the closing of the Big Star Acquisition, we assumed operatorship of over 80% of the acquired acreage and own an estimated 81% average working interest (61% average net revenue interest).

Audited historical financial information for the operations comprising the Big Star Acquisition is not currently available. We plan to file separate financial statements and pro forma financial information, as required by Securities and Exchange Commission (SEC) rules, in a Current Report on Form 8-K within the prescribed time period. Please see our Current Reports on Form 8-K filed with the SEC on April 19, 2016 and May 31, 2016 for further information on the Big Star Acquisition.

***Increase in Authorized Shares of Common Stock***

At our 2016 annual meeting of stockholders held on May 12, 2016, our stockholders approved an amendment to our Certificate of Incorporation, increasing our authorized shares of common stock from 150,000,000 shares to 300,000,000 shares.



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**Corporate information**

Our principal executive offices are located at 200 North Canal Street, Natchez, Mississippi 39120. Our telephone number is (601) 442-1601, and our website is [www.callon.com](http://www.callon.com). Information contained on or accessible through our website is not incorporated by reference into or otherwise a part of this prospectus supplement or the accompanying prospectus.

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**THE OFFERING**

Issuer	Callon Petroleum Company
Common stock offered by the selling stockholders	9,333,333 shares
Use of proceeds	All of the proceeds from the sale of our common stock covered by this prospectus supplement will be received by the selling stockholders. We will not receive any of the proceeds from such sales by the selling stockholders, although we will pay the expenses (other than any underwriting discounts and broker's commissions and similar expenses) of this offering.
Plan of Distribution	The selling stockholders named in this prospectus, or their pledgees, donees, transferees or other successors-in-interest, may offer or sell the shares from time to time through public or private transactions at fixed prices, at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices. The selling stockholders may resell the common stock to or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. See <a href="#">Plan of Distribution</a> for additional information on the methods of sale that may be used by the selling stockholders.
Risk factors	You should carefully read and consider the information beginning on page S-7 of this prospectus supplement and page 2 of the accompanying prospectus set forth under the headings <a href="#">Risk Factors</a> and all other information set forth in this prospectus supplement, the accompanying prospectus, and the documents incorporated herein and therein by reference before deciding to invest in our common stock.
NYSE symbol	CPE

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**RISK FACTORS**

An investment in our common stock involves risks. Prior to making a decision about investing in our common stock, you should carefully consider the risk factors below and discussed under the heading "Risk Factors" in the accompanying underlying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, each of which is incorporated herein by reference. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our operations. If any of these risks actually occur, our business, results of operations and financial condition could suffer, and you could lose your investment in us.

***Our recent transactions involve risks associated with acquisitions and integrating acquired properties, including the potential exposure to significant liabilities and the intended benefits of the transactions may not be realized.***

Each of the recent transactions, including the Big Star Acquisition, involves risks associated with acquisitions and integrating acquired properties into existing operations, including risks that:

our senior management's attention may be diverted from the management of daily operations to the integration of the assets acquired in the transactions;

we could incur significant unknown and contingent liabilities for which we have limited or no contractual remedies or insurance coverage;

the properties acquired in the transactions may not perform as well as we anticipate; and

unexpected costs, delays and challenges may arise in integrating the assets acquired in the transactions into our existing operations.

Even if we successfully integrate the properties acquired in the transactions into our operations, it may not be possible to realize the full benefits we anticipate or we may not realize these benefits within the expected timeframe. If we fail to realize the benefits we anticipate from the transactions, our business, results of operations and financial condition may be adversely affected.

***Because we have no plans to pay any dividends for the foreseeable future, investors must look solely to stock appreciation for a return on their investment in us.***

We have never declared or paid cash dividends on our common stock. We currently intend to retain future earnings and other cash resources, if any, for the operation and development of our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Payment of any future dividends will be at the discretion of our board of directors after taking into account many factors, including our financial condition, operating results, current and anticipated cash needs and plans for expansion. In addition, our current senior secured revolving credit facility prohibits and our second lien term facility restricts us from paying cash dividends on our common stock. Any future dividends may also be restricted by any debt financing arrangements that we may enter into from time to time. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never

occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

*Our certificate of incorporation and bylaws contain provisions that could discourage an acquisition or change of control of us.*

Our certificate of incorporation authorizes our board of directors to issue preferred stock without stockholder approval. Our currently outstanding Series A Preferred Stock could make it more difficult for a third party to acquire control of us. Following a change of control (as defined in the Certificate of Designation), we

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will have the option to redeem the Series A Preferred Stock, in whole but not in part for \$50.00 per share in cash, plus accrued and unpaid dividends (whether or not declared), to the redemption date. If we do not exercise our option to redeem the Series A Preferred Stock upon a change of control, the holders of the Series A Preferred Stock have the option to convert the Series A Preferred Stock into a number of shares of our common stock based on the value of the common stock on the date of the change of control as determined under the Certificate of Designation for the Series A Preferred Stock. In addition, provisions of the certificate of incorporation and bylaws, such as limitations on stockholder proposals at meetings of stockholders and restrictions on the ability of our stockholders to call special meetings, could also make it more difficult for a third party to acquire control of us. Our certificate of incorporation provides that our board of directors is divided into three classes, each elected for staggered three-year terms. Thus, control of the board of directors cannot be changed in one year; rather, at least two annual meetings must be held before a majority of the members of the board of directors could be changed.

These provisions of our certificate of incorporation and bylaws may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in his or her best interest, including attempts that might result in a premium over the market price for the common stock.

***Future issuances of shares of our common stock or the sale of a significant amount of restricted stock may adversely affect the price of our common stock.***

The future issuance of a substantial number of shares of our common stock into the public market, or the perception that such issuance could occur, could adversely affect the prevailing market price of our common stock. Sales of a significant amount of restricted stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock.

We have 131,090,644 shares of our common stock outstanding as of May 31, 2016. This number also includes the shares that are being offered by the selling stockholders in this offering. In addition, as of May 31, 2016, we have reserved 5,089,095 shares for issuance under our 2011 Omnibus Incentive Plan, of which 2,817,021 remain available for issuance. As a result, these shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements. Finally, we increased our authorized share capital to 300,000,000 shares of common stock pursuant to approval from our stockholders at our annual meeting on May 12, 2016.

A decline in the price of our common stock could make it more difficult to raise funds through future offerings of shares of our common stock or securities convertible into shares of common stock.

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**USE OF PROCEEDS**

The selling stockholders will receive all of the proceeds from the sale or other disposition of the shares of common stock covered by this prospectus supplement. We will not receive any of the proceeds from the sale or other disposition of the shares of common stock offered hereby, although we will pay the expenses (other than any underwriting discounts and broker's commissions and similar expenses) of this offering.

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We are registering the offering of 9,333,333 shares of our common stock for resale on behalf of the selling stockholders named in the table below. We issued the shares offered hereby to the selling stockholders in connection with the closing of the Big Star Acquisition on May 26, 2016 and pursuant to an exemption from registration under the Securities Act. Of the 9,333,333 shares of common stock issued in the Big Star Acquisition and offered hereby, the 2,333,333 shares issued to BSM Energy LP ( BSM ) are being held in escrow (the Escrow Shares ) to provide a source of payment for potential indemnification obligations arising under the purchase and sale agreement for the Big Star Acquisition. To the extent any of the Escrow Shares are returned to us in satisfaction of such indemnification obligations, the total number of shares being offered hereby by BSM would be reduced by the number of Escrow Shares that are returned to us.

We will pay certain expenses of the registration of the shares offered hereby, including the SEC filing fees. Brokerage commissions, underwriting discounts and similar selling expenses, if any, attributable to the sale of the shares will be borne by the selling stockholders. In addition, we have agreed to indemnify the selling stockholders against certain liabilities in connection with the offering of the shares.

Unless otherwise indicated herein, based on representations made to us by the selling stockholders, the selling stockholders have not had any position, office or other material relationship with us or any of our affiliates at any time within the past three years, other than (i) as a result of the Big Star Acquisition and (ii) the selling stockholders beneficial ownership of our common stock. To our knowledge, none of the selling stockholders is a broker-dealer registered under Section 15 of the Exchange Act, or an affiliate of a broker-dealer registered under Section 15 of the Exchange Act.

The following table sets forth, to our knowledge, certain information about each of the selling stockholders and certain other information regarding the beneficial ownership of the common stock by the selling stockholders. We prepared this table based on information supplied to us by, or on behalf of, the selling stockholders, and we have not sought to verify such information. We have assumed for purposes of this table that each of the selling stockholders will sell all of the shares offered by that selling stockholder pursuant to this prospectus supplement. However, the selling stockholders listed in this table do not necessarily intend to sell any or all of their shares pursuant to this prospectus supplement. We have prepared this table based on information given to us by, or on behalf of, the selling stockholders as of May 31, 2016 and the information may have changed since such date.

The percentage of outstanding shares of our common stock beneficially owned prior to the offering is based on 131,090,644 shares of our common stock outstanding as of May 31, 2016. Information about the selling stockholders may change from time to time. Any changed information will be set forth in prospectus supplements, if required by applicable law. For information on the procedure for sales by the selling stockholders, see Plan of Distribution in this prospectus supplement.

Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering		Maximum Shares Being Offered	Shares Beneficially Owned After this Offering	
	Number of Shares (1)	Percentage		Number of Shares (2)	Percentage (2)

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BSM Energy LP (3)		(4)	2,333,333 (4)
Bradley C. Cross	2,735,653 (5)	2.09%	2,665,653 (5)
Stella M. Swanson	2,735,653 (6)	2.09%	2,665,653 (6)
Grella Oil & Gas, LLC (7)	1,598,694	1.22%	1,598,694
Creede Energy LLC (8)	70,000	*	70,000

\* Less than 1%

(1) Beneficial ownership is determined in accordance with the rules and regulations of the SEC.

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- (2) Assumes the sale of all shares of our common stock held by each respective selling stockholder offered by this prospectus supplement.
- (3) Creede Energy LLC ( Creede ) is the general partner of BSM. Stella M. Swanson and Bradley C. Cross, as managers of Creede, have voting and investment discretion over the shares of common stock owned by Creede.
- (4) The 2,333,333 shares being offered by BSM are being held in escrow to satisfy potential indemnification claims arising under the purchase and sale agreement for the Big Star Acquisition. Accordingly, BSM does not have beneficial ownership of such shares. To the extent not returned to us in connection with such indemnification claims, such shares will be released to BSM at the later of twelve (12) months after the closing of the Big Star Acquisition or the settlement or release of all claims against the escrow fund as contemplated by the purchase and sale agreement.
- (5) Includes 2,665,653 shares owned by Bradley C. Cross and 70,000 shares owned by Creede. Bradley C. Cross is a managing member of Creede, and, therefore, may be deemed to share voting and dispositive power over the reported securities of Creede and to be the beneficial owner of such securities. Bradley C. Cross disclaims beneficial ownership of the reported securities of Creede except to the extent of his pecuniary interest therein.
- (6) Includes 2,665,653 shares owned by Stella M. Swanson and 70,000 shares owned by Creede. Stella M. Swanson is a manager of Creede, and, therefore, may be deemed to share voting and dispositive power over the reported securities of Creede and to be the beneficial owner of such securities. Stella M. Swanson disclaims beneficial ownership of the reported securities of Creede except to the extent of her pecuniary interest therein.
- (7) Michael J. Grella as manager of Grella Oil & Gas, LLC ( Grella ) has voting and investment discretion over the shares of common stock owned by Grella. Michael J. Grella disclaims beneficial ownership of any of our shares of common stock held by Grella except to the extent of his pecuniary interest therein.
- (8) Stella M. Swanson and Bradley C. Cross, as managers of Creede, have voting and investment discretion over the shares of common stock owned by Creede.

**Registration Rights of Selling Stockholders**

The selling stockholders have registration rights pursuant to the Registration Rights Agreement among the Company and the selling stockholders dated May 26, 2016 (the Registration Rights Agreement ). Pursuant to the Registration Rights Agreement, we agreed to file with the SEC a registration statement covering the shares issued to the selling stockholders in connection with the Big Star Acquisition. We agreed to use reasonable best efforts to file a resale registration statement and to cause such registration statement to be declared effective within 30 days from the closing of the Big Star Acquisition. The selling stockholders are also entitled to piggyback registration rights under the Registration Rights Agreement. Under the terms of the Registration Rights Agreement, if the Company registers any of its securities either for its own account or for the account of other security holders, the selling stockholders are entitled to include their shares in the registration, provided that they elect to include a minimum of \$10 million of such shares in the aggregate in the registration statement. The underwriters of any underwritten offering have the right to limit the number of shares registered by the selling stockholders, subject to certain limitations.

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**PLAN OF DISTRIBUTION**

All shares of common stock being offered under this prospectus supplement are being offered on behalf of the selling stockholders. The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. The selling stockholders may, from time to time sell any or all of their shares of our common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. The common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction, or in crosses in which the same broker-dealer acts as agent on both sides;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the NYSE or any other applicable national securities exchange on which the shares are listed;

short sales, whether through a broker-dealer or itself;

broker-dealers, who may agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;

public or privately negotiated transactions;

through the writing or settlement of options, swaps or other hedging transactions, including warrants, exchangeable securities or forward delivery contracts, whether through an options exchange or otherwise;

sales in other ways not involving market makers or established trading markets, including direct sales to institutions or individual purchasers;

any combination of the foregoing; and

any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus supplement and accompanying prospectus and may transfer the shares by gift.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved. Any profits on the resale of shares of our common stock by a broker-dealer acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, attributable to the sale of shares will be borne by a selling stockholder.

The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on that person under the Securities Act. If we are notified by any selling stockholder that any arrangement has been entered into with a broker-dealer for the sale of shares of our common stock, if required, we will file an amendment to this prospectus supplement. If the selling stockholders use this prospectus supplement and accompanying prospectus for any sale of the shares of our common stock, they will be subject to the prospectus delivery requirements of the Securities Act.

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Any broker-dealer or agents participating in the distribution of the shares of our common stock may be deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act in connection with such sales. In such event, any commissions paid, or any discounts or concessions allowed to, any such broker-dealer or agent and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

The selling stockholders also may transfer the shares of our common stock in certain other circumstances, in which case the transferees or other successors in interest will be the selling beneficial owners for purposes of this prospectus supplement and accompanying prospectus and may sell the shares of our common stock from time to time under this prospectus supplement and accompanying prospectus after we have filed an amendment to this prospectus supplement, if required by law, supplementing or amending the list of selling stockholders to include the transferee or other successors in interest as selling stockholders under this prospectus supplement.

The selling stockholders and other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including Regulation M. This regulation may limit the timing of purchases and sales of any of the shares by the selling stockholders and any other person. The anti-manipulation rules under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the shares to engage in market-making activities with respect to the particular shares being distributed for a period of up to five business days before the distribution. These restrictions may affect the marketability of the shares and the ability of any person or entity to engage in market-making activities with respect to the shares.

In addition, the selling stockholders may, from time to time, sell the shares short or enter into derivative or hedging transactions with third parties, and, in those instances, this prospectus supplement and accompanying prospectus supplement may be delivered in connection with these transactions and the shares offered under this prospectus supplement may be used to cover short sales or close out any related positions resulting from these transactions.

The selling stockholders may also enter into derivative or hedging transactions with broker-dealers and the broker-dealers may engage in short sales of the shares in the course of hedging the positions they assume with that selling stockholder, including, without limitation, in connection with distributions of the shares by those broker-dealers.

The selling stockholders may enter into options or other transactions with broker-dealers that involve the delivery of the shares offered hereby to the broker-dealers, who may then resell or otherwise transfer those shares. The selling stockholders may also loan or pledge the shares offered hereby to a broker-dealer and the broker-dealer may sell the shares offered hereby so loaned or upon a default may sell or otherwise transfer the pledged shares offered hereby.

We will pay all of the expenses incident to the filing of this prospectus supplement, estimated to be \$50,000. These expenses include legal and accounting fees in connection with the preparation of the registration statement of which this prospectus supplement is a part, legal and other fees in connection with the qualification of the sale of the shares under the laws of certain states (if any), registration and filing fees and other expenses. We have agreed to keep the registration of the shares offered hereby effective until the earliest of (i) two years from the date of the Registration Rights Agreement, (ii) the date when all of the shares offered by the selling stockholders hereby have been sold or (iii) the availability of Rule 144 of the Securities Act to sell such shares without restriction.



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**LEGAL MATTERS**

Certain legal matters regarding the validity of the shares of common stock that are offered hereby will be passed upon for us by Haynes and Boone, LLP, Houston, Texas.

**EXPERTS**

The consolidated financial statements of Callon Petroleum Company appearing in Callon Petroleum Company's Annual Report (Form 10-K) for the year ended December 31, 2015, and the effectiveness of Callon Petroleum Company's internal control over financial reporting as of December 31, 2015, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The information included or incorporated by reference in this prospectus supplement regarding estimated quantities of proved reserves as of December 31, 2015 and 2014, using SEC guidelines, were prepared or derived from estimates prepared by DeGolyer and MacNaughton, independent petroleum engineers. These estimates are included in this prospectus supplement in reliance on the authority of such firm as experts in these matters. The information included or incorporated by reference in this prospectus supplement regarding estimated quantities of proved reserves as of December 31, 2013 using SEC guidelines, were prepared or derived from estimates prepared by Huddleston & Company, independent petroleum engineers. These estimates are included in this prospectus supplement in reliance on the authority of such firm as experts in these matters.



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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy this information at the following SEC location:

Public Reference Room

100 F Street, N.E.

Washington, D.C. 20549

You can also obtain copies of these documents at prescribed rates by writing to the Public Reference Room of the SEC. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. The SEC also maintains a web site that contains reports, proxy statements and other information about issuers, like Callon Petroleum Company, who file electronically with the SEC. The address of that web site is [www.sec.gov](http://www.sec.gov). Unless specifically listed under "Information Incorporated by Reference" below, the information contained on the SEC website is not incorporated by reference in this prospectus supplement and you should not consider that information a part of this prospectus supplement.

In addition, our common stock is listed on the NYSE and similar information concerning us can be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

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**INFORMATION INCORPORATED BY REFERENCE**

The rules of the SEC allow us to incorporate by reference into this prospectus supplement and the accompanying prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to that information. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, and later information that we file with the SEC will automatically update and supersede that information. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of the common stock is completed (unless otherwise stated, other than information furnished under Items 2.02 or 7.01 of any Form 8-K, which is not deemed filed):

Our Annual Report on Form 10-K for the year ended December 31, 2015 filed on March 3, 2016;

Our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed on May 4, 2016;

Our Current Reports on Form 8-K filed on January 15, 2016, March 1, 2016, March 4, 2016, March 8, 2016, April 19, 2016, April 21, 2016, May 13, 2016 and May 31, 2016;

The information specifically incorporated by reference into the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 from our definitive proxy statement on Schedule 14A, filed on April 1, 2016; and

The description of our common stock contained in our Registration Statement on Form 8-B filed with the SEC on October 3, 1994 and any amendments or reports filed for the purpose of updating that description. All documents that we subsequently file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, and that are deemed filed prior to the termination of this offering, shall be deemed to be incorporated by reference into this prospectus supplement.

Any statement contained in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference modifies or supersedes the statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

You may obtain any of the documents incorporated by reference in this prospectus supplement from the SEC through the SEC's website at the address provided above. We will provide you a copy of any or all of the information that has been incorporated by reference in this prospectus supplement (including exhibits to those documents specifically incorporated by reference in this document), at no cost, upon your written or oral request to us at the following address or telephone number:

Callon Petroleum Company

Edgar Filing: CALLON PETROLEUM CO - Form 424B7

200 North Canal Street

Natchez, Mississippi 39120

Telephone: (601) 442-1601

Attn: Investor Relations

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**Prospectus**

**CALLON PETROLEUM COMPANY**

**Debt Securities**

**Preferred Stock**

**Common Stock**

**Depositary Shares**

**Warrants**

We may offer and sell the securities listed above from time to time in one or more classes or series and in amounts, at prices and on terms that we will determine at the time of the offering. Any debt securities we issue under this prospectus may be guaranteed by certain of our subsidiaries.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a supplement to this prospectus that contains specific information about the offering. The supplement may also add, update or change information contained in this prospectus. You should carefully read this prospectus, all prospectus supplements and all other documents incorporated by reference in this prospectus before you invest in our securities.

Our common stock is quoted on The New York Stock Exchange under the symbol CPE. Our 10% Series A Cumulative Preferred Stock is listed on The New York Stock Exchange under the symbol CPE.A.

THIS PROSPECTUS MAY NOT BE USED TO SELL SECURITIES UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.

**INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. RISKS ASSOCIATED WITH AN INVESTMENT IN OUR SECURITIES WILL BE DESCRIBED IN THE APPLICABLE PROSPECTUS SUPPLEMENT AND OUR PERIODIC AND OTHER REPORTS WE FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AS DESCRIBED IN RISK FACTORS ON PAGE 2. YOU SHOULD CAREFULLY CONSIDER THOSE RISK FACTORS BEFORE INVESTING.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is April 5, 2016.

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This prospectus is part of a shelf registration statement that we filed with the Securities and Exchange Commission, or SEC. Under this registration statement, we may sell any combination of the securities described in this prospectus from time to time in one or more offerings. This prospectus provides you with a general description of the securities we may offer. This prospectus does not contain all the information set forth in the registration statement as permitted by the rules of the SEC. Each time we sell securities, we will provide a supplement to this prospectus that will contain specific information about the terms of that offering. That prospectus supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should carefully read both this prospectus and any applicable prospectus supplement, together with the additional information described in this prospectus under the headings Where You Can Find More Information and Information Incorporated by Reference.

You should rely only on the information contained in this prospectus and in any applicable prospectus supplement, including any information incorporated by reference. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information appearing in this prospectus, any prospectus supplement or any document incorporated by reference is accurate at any date other than as of the date of each such document. Our business, financial condition, results of operations and prospects may have changed since the date indicated on the cover page of such documents.

The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

When used in this prospectus or in any supplement to this prospectus, the terms Callon, the Company, we, our and refer to Callon Petroleum Company and its subsidiaries, unless otherwise indicated or the context otherwise requires.

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**OUR COMPANY**

We are an independent oil and natural gas company established in 1950. We are focused on the acquisition, development, exploration and exploitation of unconventional, onshore, oil and natural gas reserves in the Permian Basin in West Texas and, more specifically, the Midland Basin. Our drilling activity in this area to date has been predominantly focused on the horizontal development of several prospective intervals, including multiple levels of the Wolfcamp formation and, more recently, the Lower Spraberry shale. We have assembled a multi-year inventory of potential horizontal well locations and intend to add to this inventory through delineation drilling of emerging zones on our existing acreage and acquisition of additional locations through working interest acquisitions, acreage purchases, joint ventures and asset swaps.

We are a Delaware corporation with our principal executive office located at 200 North Canal Street, Natchez, Mississippi 39120. Our telephone number at that address is (601) 442-1601. We maintain a website on the Internet at [www.callon.com](http://www.callon.com). The information on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

**RISK FACTORS**

Before making an investment decision, you should carefully consider the risks described under **Risk Factors** in the applicable prospectus supplement and in our most recent Annual Report on Form 10-K, or any updates in our Quarterly Reports on Form 10-Q, together with all of the other information appearing in this prospectus or incorporated by reference into this prospectus and any applicable prospectus supplement. The risks so described are not the only risks facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. Furthermore, the trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment.