CALLON PETROLEUM CO
Form DEF 14A
March 21, 2011

CALLON PETROLEUM COMPANY
200 NORTH CANAL STREET, NATCHEZ, MISSISSIPPI 39120

NOTICE OF THE 2011 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD THURSDAY, MAY 12, 2011

To Our Shareholders:

Notice is hereby given and you are cordially invited to attend the 2011 Annual Meeting of Shareholders of Callon Petroleum Company ("Callon" or the "Company") which will be held in Natchez, Mississippi, on Thursday, May 12, 2011, at 9:00 a.m., in the Grand Ballroom of the Natchez Grand Hotel, 111 Broadway Street, Natchez, Mississippi 39120, for the following purposes:

1. To elect two Class II directors to hold office until the 2014 Annual Meeting of Shareholders;

2. To approve, in an advisory (non-binding) vote, the Company's executive compensation as disclosed in the accompanying proxy statement;

3. To approve an advisory (non-binding) proposal to determine whether the shareholder vote to approve executive compensation (Item 2 above) should occur every 1, 2 or 3 years;

4. To approve and ratify the Callon Petroleum Company 2011 Omnibus Incentive Plan;

5. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011; and

6. To transact such other business as may properly come before the 2011 Annual Meeting or any adjournment or adjournments thereof.

Specific details of the matters proposed before the 2011 Annual Meeting are included in the proxy statement accompanying and forming part of this notice. Only shareholders of record at the close of business on March 16, 2011 will be entitled to notice of, and to vote at, the 2011 Annual Meeting, or any adjournment or postponements thereof. Each common share is entitled to one vote per share. Whether or not you plan to attend the 2011 Annual Meeting, we request that you sign, date and promptly mail the enclosed proxy in the pre-addressed envelope enclosed.

By Order of the Board of Directors

/s/ Robert A. Mayfield
Natchez, Mississippi
March 21, 2011

Robert A. Mayfield
Corporate Secretary

IF YOU CANNOT ATTEND THE MEETING IN PERSON, PLEASE SIGN AND DATE THE ACCOMPANYING PROXY CARD AND RETURN IT PROMPTLY IN THE RETURN ENVELOPE ENCLOSED FOR YOUR USE. NO POSTAGE IS REQUIRED IF THE ENVELOPE IS MAILED IN THE UNITED STATES. SHAREHOLDERS WHO ATTEND THE 2011 ANNUAL MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders' Meeting:

Our proxy material relating to our 2011 Annual Meeting (notice, proxy statement, proxy and 2010 Annual Report to Shareholders) is available on our website at www.callon.com. This information is also available by calling 1-800-451-1294 or by email at terryt@callon.com. For the date, time and location of the 2011 Annual Meeting and an identification of the matters to be voted upon at the 2011 Annual Meeting, please see the "Notice of 2011 Annual Meeting of Shareholders." For information on how to obtain directions to be able to attend the meeting and vote in person, please contact Terry Trovato, Investor Relations, Callon Petroleum Company, 200 North Canal Street, Natchez, Mississippi, 39120.

PROXY STATEMENT

CALLON PETROLEUM COMPANY
200 North Canal Street
Natchez, Mississippi 39120
(601) 442-1601

2011 ANNUAL MEETING OF SHAREHOLDERS
THURSDAY, MAY 12, 2011

SOLICITATION AND REVOCABILITY OF PROXIES

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Callon Petroleum Company, a Delaware corporation ("Callon" or the "Company"), from shareholders of the Company for use at the 2011 Annual Meeting of Shareholders of the Company to be held on Thursday, May 12, 2011, at 9:00 a.m., in the Grand Ballroom of the Natchez Grand Hotel, 111 Broadway Street, Natchez, Mississippi 39120, and at any adjournment or postponement thereof. The purpose of the meeting is to consider and vote upon the matters described in the accompanying Notice of the 2011 Annual Meeting of Shareholders.

A proxy in the form accompanying this proxy statement, when properly executed and returned, will be voted in accordance with the directions specified on the proxy, and otherwise in accordance with the judgment of the persons designated therein as proxies. Any proxy which does not withhold authority to vote or on which no other instructions are given will be voted for the election of the nominee named herein to the Board of Directors and in favor of the all other proposals set forth in the notice. Any proxy may be revoked at any time before it is exercised by delivering, to the Corporate Secretary of the Company, written notice of revocation or a duly executed proxy bearing a later date, or by voting in person at the 2011 Annual Meeting. Proxies submitted by mail must be received on or before 8:00 a.m. on Thursday, May 12, 2011. Submitting your proxy by mail will not affect your right to vote in person if you decide to attend the 2011 Annual Meeting.

If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of the Director nominees (Proposal 1 of this proxy statement), the Company's executive compensation (Proposal 2 of this proxy statement), the frequency of vote for the executive compensation (Proposal 3 of this proxy statement), approval of the 2011 Omnibus Incentive Plan (Proposal 4 of this proxy statement), and ratification of the Company's independent registered public accounting firm (Proposal 5 of this proxy statement). Prior to January 1, 2010, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of Directors, your bank or broker was allowed to vote those shares on your behalf as they felt appropriate. Recent changes in regulations eliminated the ability of your bank or broker to vote your uninstructed shares in the election of Directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote, no votes will be cast on your behalf except that your bank or broker will continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Proposal 5 of this proxy statement). If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the 2011 Annual Meeting.

This proxy statement and the accompanying notice and form of proxy are being mailed to shareholders on or about March 21, 2011. The Annual Report for the Company's fiscal year ended December 31, 2010 is also being mailed to shareholders contemporaneously with this proxy statement, although the Annual Report does not form a part of the material for the solicitation of proxies. The contents of this proxy statement have been approved by our Board of Directors.

Proxies will be solicited primarily by mail, but employees of the Company may also solicit proxies in person or by telephone. Arrangements may be made with brokerage firms or other custodians, nominees, and fiduciaries to send proxy materials to the beneficial owners of our common stock for which the Company has agreed to pay those costs. In addition, the Company has retained the services of Eagle Rock Proxy Advisors, LLC to assist us in our solicitation efforts at an estimated cost of $5,000 plus reasonable and customary out-of-pocket expenses.

Financial and other information concerning the Company is contained in the Annual Report for the year ended December 31, 2010. Pursuant to rules promulgated by the Securities and Exchange Commission (SEC), we have elected to provide access to the Company's proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of the proxy material on the Internet. This proxy statement, the accompanying proxy card and the Company's 2010 Annual Report are available at the Company's website at www.callon.com. In accordance with SEC rules, you may access the proxy statement at www.callon.com, which does not have "cookies" that identify visitors to the site.

Other Matters to be Considered at the 2011 Annual Meeting of Shareholders

The Board of Directors is not presently aware of any other proposals that may be brought before the 2011 Annual Meeting. In the event other proposals are brought before the 2011 Annual Meeting, the persons named in the enclosed proxy will vote in accordance with what they consider to be in the best interests of the Company and our shareholders.

VOTING REQUIREMENTS

The Board of Directors has fixed the close of business on March 16, 2011 as the record date for the determination of shareholders entitled to notice of, and to vote at, the 2011 Annual Meeting. A complete list of all shareholders entitled to vote at the 2011 Annual Meeting will be open for examination by any shareholder during normal business hours for a period of ten days prior to the 2011 Annual Meeting at the offices of the Company, located at 200 North Canal Street, Natchez, Mississippi 39120. Such list will also be available at the 2011 Annual Meeting and may be inspected by any valid shareholder who is present.

On the record date, our outstanding voting securities consisted of 39,105,130 shares of common stock. Holders of common stock will be entitled to one vote per share held of record on the record date for each proposal presented at the 2011 Annual Meeting.

QUORUM AND OTHER MATTERS

The holders of a majority of the total shares of common stock issued and outstanding on the record date, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the 2011 Annual Meeting. For purposes of determining whether a quorum is present under Delaware law, broker non-votes and abstentions do count towards the establishment of a quorum.

The election of directors requires the favorable vote of the holders of a plurality of shares of common stock present and voting, in person or by proxy, at the 2011 Annual Meeting. Abstentions and broker non-votes have no effect on determinations of plurality except to the extent that they affect the total votes received by any particular candidate.

Each of the other proposals will be approved if it receives a majority of the votes of the shares present in person at the 2011 Annual Meeting and those represented by proxy and entitled to vote. Although the advisory votes on Proposals 2 and 3 are non-binding, as provided by law, our Board will review the results of the votes and will take them into account in making a determination concerning executive compensation and the frequency of holding such advisory votes. If the appointment of the Company’s independent registered public accounting firm is not ratified by holders of our voting securities, the Audit Committee and the Board may reconsider its appointment and endorsement, respectively. Even if the selection is ratified, the Audit Committee may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

Abstaining shares will be considered present at the 2011 Annual Meeting so that the effect of abstentions will be the equivalent of a “no” vote. With respect to broker non-votes, the shares will not be considered present at the 2011 Annual Meeting with respect to a non-discretionary item so that broker non-votes will have the practical effect of reducing the number of affirmative votes required to achieve a majority vote by reducing the total number of shares from which the majority is calculated. A broker “non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and the broker has not received voting instructions from the beneficial owner. The New York

Stock Exchange ("NYSE") permits brokers to vote their customers' shares on routine matters when the brokers have not received voting instructions from customers. The ratification of the independent registered accounting firm is a routine matter on which brokers may vote in this way. Brokers may not vote their customers' shares on non-routine matters such as the election of directors, the proposals related to executive compensation or the 2011 Omnibus Incentive Plan unless they have received voting instructions from their customers.

Votes cast at the meeting will be counted by the inspector of election.

PROPOSAL 1

ELECTION OF DIRECTORS

Nominees

Our Certificate of Incorporation provides for a classified Board of Directors. The Board of Directors is divided into three classes of equal size, designated as Class I (currently with two directors), Class II (currently with two directors) and Class III (currently with two directors). One class of directors is elected at each Annual Meeting of shareholders to serve for a three-year term.

The term of the two Class II directors, Mr. B. F. Weatherly and Mr. Richard O. Wilson, will expire on the date of the 2011 Annual Meeting. The nominees of the Board for Class II directors of the Company to serve until the 2014 Annual Meeting, or until their successors have been duly elected and qualified, are Mr. Weatherly and Mr. Anthony J. Nocchiero. Both were nominated by the Board of Directors upon the recommendation of the Nominating and Corporate Governance Committee. Each of the nominees has consented to serve as a director if elected. Mr. Weatherly has served continuously as a director of the Company since the date of his first election or appointment to the Board. Mr. Nocchiero is replacing Mr. Wilson, who has determined not to stand for re-election to the Board for personal reasons. Mr. Wilson's decision was not in connection with any disagreement with the Company.

All shares of common stock represented by the proxies will be voted "FOR" the election of the director nominees, except where authority to vote in the election of directors has been withheld. Should the nominees become unable or unwilling to serve as a director at the time of the 2011 Annual Meeting, the person or persons exercising the proxies will vote for the election of substitute nominees designated by the Board of Directors, or the Board of Directors may choose to reduce the number of members of the Board of Directors to be elected at the 2011 Annual Meeting in order to eliminate the vacancy. The Board of Directors has no reason to believe that the nominees will be unable or unwilling to serve if elected. Only the nominees or a substitute nominee designated by the Board of Directors will be eligible to stand for election as a director at the 2011 Annual Meeting.

The Board of Directors recommends that you vote "FOR" the election of the nominees.

Directors and Executive Officers of Callon Petroleum Company

The following table provides information with respect to the nominees, all current directors whose terms will continue after the 2011 Annual Meeting, and the present executive officers of the Company. Each executive officer has been elected to serve until his or her successor is duly appointed or elected by the Board of Directors or their earlier removal or resignation from office.

Name	Age as of Record Date	Company Position Since	Present Company Position
Class I Directors: (Term Expires in 2013)			
Larry D. McVay	63	2007	Director
John C. Wallace	72	1994	Director
Class II Directors: (Term Expires in 2011)			
B. F. Weatherly	66	1994	Director, Executive Vice President and Chief Financial Officer, Nominee
Anthony J. Nocchiero	59	-	Director, Nominee
Class III Directors: (Term Expires in 2012)			
Fred L. Callon	61	1994	Director, Chairman of the Board, President, and Chief Executive Officer
L. Richard Flury	63	2004	Director
Other Executive Officers:			
Mitzi P. Conn	42	2007	Corporate Controller
Steven B. Hinchman	52	2009	Former Executive Vice President, and Chief Operating Officer (1)
Gary A. Newberry	56	2010	Senior Vice President, Operations (2)
Robert A. Mayfield	60	2000	Corporate Secretary
H. Clark Smith	58	2001	Chief Information Officer
	61	1999	Vice President and Treasurer

Rodger W. Smith			
Stephen F. Woodcock	59	1997	Vice President, Exploration

(1) Mr. Hinchman's initial employment date was June 1, 2009. He resigned from his position in October 2010.
(2) Mr. Newberry was hired in April 2010 as Vice President, Production and Development and promoted to his current position in September 2010.

The following is a brief description of the background and principal occupation of each director and executive officer:

Fred L. Callon has been Chairman of the Board of Directors of the Company since May 2004 and President and Chief Executive Officer of the Company and Callon Petroleum Operating Company since January 1997. Prior to January 1997, he was President and Chief Operating Officer of the Company, positions he had held with the Company or its predecessors since 1984. He has been employed by the Company or its predecessors since 1976. Mr. Callon graduated from Millsaps College in 1972 and received his M.B.A. degree from the Wharton School of Finance in 1974. Following graduation and until his employment by Callon Petroleum Operating Company, he was employed by Peat, Marwick, Mitchell & Co., certified public accountants. He is son of the late Sim C. Callon, one of the Company's co-founders and the nephew of the late John S. Callon, the other co-founder.

Mr. Callon has been involved in the oil and gas industry virtually all his life and has developed a wide network of personal and business relationships within the oil and gas industry. His strong financial background combined with his many years of operational experience throughout changing conditions in the market and industry provide him with the ability to successfully lead the Company.

Mitzi P. Conn is the Corporate Controller for the Company and Callon Petroleum Operating Company. Prior to being appointed to that position in May 2007, she had served as assistant controller since May 2004. Mrs. Conn has held various other positions in finance and accounting since she joined the Company in June 1993. Prior thereto, she was a general accountant for Graham Resources, Inc. She received her B.S. degree in accounting from Southeastern Louisiana University in 1990 and is a member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants.

L. Richard Flury is a graduate of the University of Victoria (Canada). He spent over 30 years with Amoco Corporation, and later, BP plc, from which he retired as Chief Executive, Gas and Power and Renewables, on December 31, 2001, a position he had held since June of 1999. Prior to Amoco's merger with BP in 1998, he served in various executive positions and was Chief Executive for Worldwide Exploration and Production and Executive Vice President of Amoco Corporation at the time of the merger. Currently, he is a member of the Board of Directors of QEP Resources, a publicly traded oil and gas company, and the Chairman of Chicago Bridge and Iron Company, N.V., a publicly-traded engineering, procurement and construction company.

Mr. Flury has many years of prior experience with a major oil and gas company. Mr. Flury continues his involvement in the industry through his other directorship positions. His executive-level perspective and decision making abilities continue to prove beneficial to the success of the Company.

Steven B. Hinchman was the Executive Vice President and the Chief Operating Officer for the Company and Callon Petroleum Operating Company until he resigned in October 2010. Prior to joining the Company in June 2009, Mr. Hinchman was Executive Vice President of Technology and Services for Marathon Oil Corporation, a position he held since April 2008, and served as a member of Marathon's Executive Committee, a position he held since October 2000. Mr. Hinchman originally joined Marathon in 1980 as a field engineer and subsequently held a number of technical, staff and managerial positions of increasing responsibility in their domestic and international exploration and production organizations. Mr. Hinchman received a bachelor's degree in petroleum engineering from Pennsylvania State University in 1980, and a master's degree in the same field of study from the Colorado School of Mines in 1987. Mr. Hinchman is a member of the board of directors of the American Petroleum Institute, a Visiting Committee Member of the Petroleum Engineering Department of the Colorado School of Mines, a member of the board of directors of the Sam Houston Council of the Boy Scouts of America, and a member of the Industrial and Professional Advisory Council of the Department of Energy and Geo-Environmental Engineering at Pennsylvania State University. In 2005, he received the distinguished Penn State Alumni Fellow Award.

Robert A. Mayfield is the Corporate Secretary and also oversees tax services for the Company and Callon Petroleum Operating Company. He was appointed Corporate Secretary in February 2000. Prior to his appointment as Corporate Secretary, he had served as the Manager of Tax Services and Securities and Exchange Commission Reporting since 1981. Prior to joining Callon, he was employed by McCormick Oil and Gas Company in Houston, Texas, where he served as an assistant to the tax manager. Mr. Mayfield received his B.S. degree in accounting from Louisiana Tech University in 1972 and is a member of the Society of Corporate Secretaries & Governance Professionals.

Larry D. McVay was appointed to the Board of Directors in October 2007. From 2003 until his retirement from BP in 2006, he served as Chief Operating Officer of TNK-BP Holding, one of the largest oil producing companies in Russia. Since 2007, Mr. McVay has been a Managing Director of Edgewater Energy, LLC, an oil and gas consulting and investment company. From 2000 to 2003, he served as Technology Vice President and Vice President of Health, Safety and Environment for BP. He also led the global E&P Operations Excellence effort for improving the operating efficiency of BP’s upstream operations. Mr. McVay has led a distinguished international oil and gas career spanning 38 years with Amoco, BP and TNK-BP. He worked in various engineering, management and leadership positions with Amoco and BP both domestically and internationally. Mr. McVay earned a mechanical engineering degree from Texas Tech University where he was recognized as a Distinguished Engineer in 1995. In January 2008 he became a member of the board of directors of Praxair, Inc., the largest industrial gases company in North and South America. In May 2008 Mr. McVay also became a member of the board of directors of Chicago Bridge and Iron, N.V., a publicly-traded engineering, procurement, and construction company.

Mr. McVay has been directly involved in almost all aspects of the oil and gas industry, including drilling, production, finance, environmental risk, and safety. Outside of his involvement with Callon, Mr. McVay is active in other industry consulting assignments which keep him fully abreast of trends and current activity in the operational areas in which Callon is pursuing development.

Gary A. Newberry joined the Company in April 2010 as Vice President – Production and Development. In September 2010, Mr. Newberry was promoted to Senior Vice President – Operations. Mr. Newberry graduated from Marietta College in 1977 with a B.S. degree in Petroleum Engineering. After graduation he joined Marathon Oil Company as a Production and Drilling Engineer working in Alaska, the Gulf of Mexico, and the Rockies. He held various supervisory and management roles of increasing responsibility over production and drilling operations in the mid-continent, Alaska and the Permian Basin. As a Business Unit Leader, Mr. Newberry was responsible for all upstream business activity in Oklahoma, Alaska, and the Rockies and served as Marathon's Worldwide Operations Manager. Mr. Newberry retired from Marathon Oil Company after 33 years of service.

Anthony J. Nocchiero was nominated to the Board of Directors in March 2011. From April 2007 until September 2010, Mr. Nocchiero held the position of senior vice president and chief financial officer for CF Industries, Inc. From July 2005 until March 2007, he was the vice president and chief financial officer for Merisant Worldwide, Inc. From January 2002 to July 2005, Mr. Nocchiero was self-employed as an advisor and private consultant. From January 1999 until December 2001, Mr. Nocchiero served as vice president and chief financial officer of BP Chemicals, the global petrochemical business of BP p.l.c. Prior to that, he spent twenty-four years with Amoco Corporation in various financial and management positions, including service as Amoco's vice president and controller from April 1998 to January 1999. Mr. Nocchiero holds a B.S. degree in chemical engineering from Washington University in St. Louis and an M.B.A. degree from the Kellogg Graduate School of Management at Northwestern University.

Mr. Nocchiero has previous experience serving as a member of the Board of Directors of various public and private companies including Terra Nitrogen LP, Keytrade AG, Vysis Corporation and the Chicago Chamber of Commerce. He brings to the company broad technical knowledge in finance, oil and gas, and extensive experience with finance and M&A related transactions.

H. Clark Smith is the Chief Information Officer for the Company and Callon Petroleum Operating Company. Prior to being appointed to that position in March 2001, he had served as Manager – Information Technology since January 1990 and in other computer related positions with the Company and its predecessors since 1983. At Mississippi State University, he majored in Industrial Technology. During his tenure with the Company, he has received extensive technical and management training from the University of Southern Mississippi, International Business Machines, Microsoft, Novell, and Arthur Andersen & Company. He has also served as Manager – Information Services with Jefferson Davis Regional Medical Center and as a principal of the consulting firm, Mississippi Computing Consultants.

Rodger W. Smith is a Vice President and also serves as the Treasurer for the Company and Callon Petroleum Operating Company. Mr. Smith was appointed Treasurer in April 1999 and served as Corporate Controller from 2004 to May 2007. Prior to being appointed Treasurer, he served as Manager of Budget and Analysis since 1994. Prior to 1994, Mr. Smith was Manager of Exploration and Production Accounting and has been employed by the Company and its predecessors since 1983. Prior to his employment with the Company, he was employed by International Paper Company as a plant controller. He received his B.S. degree in accounting from the University of Southern Mississippi in 1973.

John C. Wallace has been a member of the Board of Directors of the Company since 1994. Mr. Wallace is a Chartered Accountant having qualified with PricewaterhouseCoopers in Canada in 1963, after which he joined Baring Brothers & Co., Limited in London, England. Prior to his retirement in December 2010, he served for over twenty-five years as Chairman of Fred. Olsen Ltd., a London-based corporation that he joined in 1968 and which specializes in the business of shipping, renewable energy and property development. He received his B. Comm degree majoring in Accounting and Economics from McGill University in 1959. In November 2004 he successfully completed the International Uniform Certified Public Accountant Qualification Examination and has received a CPA Certificate from the State of Illinois. Mr. Wallace also retired from the board of directors of Ganger Rolf ASA and Bonheur ASA, Oslo, both publicly-traded shipping companies with interests in offshore energy services and renewable energy.

Mr. Wallace has extensive financial and accounting experience in not only the oil and gas industry but in a number of other related industries as a result of his association with Fred. Olsen, Ltd. and various associated or related companies. He held senior management positions and was a member of Fred. Olsen's board of directors for many years. The Company feels that Mr. Wallace has a unique perspective of the risks and rewards in the oil and gas industry.

B. F. Weatherly is an Executive Vice President and also serves as the Chief Financial Officer for the Company and Callon Petroleum Operating Company. Prior to joining the Company in November 2006, he was a principal of CapSource Financial, Houston, Texas, an investment-banking firm, since 1989. He was also a general partner of CapSource Fund, L.P., a Jackson, Mississippi investment fund, and held that position since 1997. Mr. Weatherly received a Master of Accountancy degree from the University of Mississippi in 1967. Mr. Weatherly has previously been associated with Arthur Andersen LLP, and has served as a Senior Vice President of Brown & Root, Inc. and Weatherford International, Inc. Mr. Weatherly has many years of executive management and financial management positions in energy related companies with emphasis on structuring and completion of many types of financial transactions. Additionally, serving as managing director of two investment funds provides insight into seeking financing alternatives for Callon.

Richard O. Wilson retired in 2004 after working for over 50 years in offshore drilling and construction which included two years with Zapata Offshore and 21 years with Brown & Root, Inc. working in various managerial capacities in the Gulf of Mexico, Venezuela, Trinidad, Brazil, the Netherlands, the United Kingdom, Norway and Mexico. Mr. Wilson was a Director and Senior Group Vice President of Brown & Root, Inc. and Senior Vice President of Halliburton, Inc. For 18 years he was associated with Fred. Olsen Interests where he served as Chairman of OGC International PLC, Dolphin A/S and Dolphin Drilling Ltd. He holds a B.S. degree in Civil Engineering from Rice University. Mr. Wilson is a Fellow in the American Society of Civil Engineers, a Director of Flotek Industries, Inc. and a Director of the Museum of Printing History in Houston, Texas. In 2000 Mr. Wilson was elected an Industry Pioneer by the Offshore Energy Center, Houston, Texas.

Mr. Wilson has over 50 years of experience directly related to the domestic and world-wide oil and gas exploration and production efforts. His managerial and executive-level experience provides a strong base to help guide the Company in its analysis of current and future operational aspects.

Stephen F. Woodcock is the Vice President of Exploration for the Company and Callon Petroleum Operating Company. Prior to being appointed to this position in November 1997, Mr. Woodcock had served as Manager of Geology and Geophysics since his initial employment by the Company and Callon Petroleum Operating Company in 1995. Prior thereto, he was Manager of Geophysics for CNG Producing Company and Division Geophysicist for Amoco Production Company. Mr. Woodcock received a master’s degree in geophysics from Oregon State University in 1975.

All officers and directors of the Company are United States citizens, except Mr. Wallace, who is a citizen of Canada. L. Richard Flury holds both U.S. and Canadian citizenship.

The Board of Directors and Governance Matters

General. In accordance with our by-laws and the laws of Delaware, our state of incorporation, our business and affairs are managed under the direction of the Board of Directors. The Board of Directors generally meets on a quarterly basis to review significant developments affecting the Company and to act on matters requiring Board approval. Between regularly scheduled meetings, the Board of Directors may also hold special meetings, execute unanimous written consents, and participate in telephone conference calls when an important matter requires Board action.

During 2010, the Board of Directors of the Company met formally six times and executed six unanimous written consents. All of the Company’s directors attended all of the board meetings. In addition, to promote open discussion, the non-management directors meet in executive (private) sessions without management following each quarterly board meeting. The chairperson of such executive sessions is the chairperson of the Nominating and Corporate Governance Committee unless, at the first executive session held in each fiscal year, the independent directors select a different independent director to serve as the chairperson for all executive sessions held during that fiscal year. L. Richard Flury, chairman of the Compensation Committee, presided over all executive sessions during 2010.

In order to facilitate the various functions of the Board of Directors, the Board of Directors has created an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and a Strategic Planning Committee. These committees are more fully described in the following pages.

Director Independence. It is the policy of the Board of Directors that a majority of the members of the Board be independent of the Company's management. The Company's Corporate Governance Principles contain the following guidelines to assist the Board in determining director independence in accordance with the applicable NYSE and SEC rules:

- No director who is an employee or former employee of the Company, or whose immediate family member is an executive officer or former executive officer of the Company, shall be considered "independent" until three years after such employment has ended;

- No director who is receiving, or in the last three years has received, or whose immediate family member is receiving, or in the last three years has received, more than $120,000 per year in direct compensation from the Company, other than fees received in such director's capacity as a member of the Board or any Board committee and pension payments or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) shall be considered "independent." Compensation received by an immediate family member for service as a non-executive employee of the Company need not be considered in determining independence;

- No director who is, or in the past three years has been, affiliated with or employed by, or whose immediate family member is, or in the past three years has been, affiliated with or employed in a professional capacity by, a present or former internal auditor or independent auditing firm of the Company shall be considered “independent”;

- No director who is, or in the past three years has been, employed as, or whose immediate family member is, or in the past three years has been, employed as, an executive officer by any company for which any executive officer of the Company serves as a member of its compensation committee (or, in the absence of a compensation committee, the board committee performing equivalent functions, or, in the absence of such committee, the Board of Directors) shall be considered “independent”;

- No director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of $1,000,000 or 2% of such other company’s consolidated gross revenue shall be considered “independent” until three years after such payments fall below such threshold; and

- An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When applying the three-year look-back provisions, it does not include individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

The Board of Directors has affirmatively determined that Messrs. Flury, McVay, Wallace and Wilson do not have any material relationships with the Company that may interfere with the exercise of their independence from management and the Company and are independent directors under applicable NYSE rules, SEC rules and in accordance with our Corporate Governance Principles.   The Board of Directors has also determined that Mr. Nocchiero is independent under applicable NYSE rules, SEC rules and in accordance with our Corporate Governance Principles.

Corporate Governance Principles. The Company believes that good corporate governance is important to ensure that Callon is managed for the short- and long-term benefit of its shareholders. Available on the Company website, www.callon.com, under the section “Governance,” are copies of the Company’s:

- Corporate Governance Principles;
- Code of Business Conduct and Ethics;
- Audit Committee Charter;
- Compensation Committee Charter;
- Nominating and Corporate Governance Committee Charter;
- Strategic Planning Committee Charter; and
- Members serving on each of the Board of Directors’ Committees.

Any amendments to or waivers of the foregoing documents will also be posted on the Company’s website. Copies of these documents are available in print, free of charge, to any shareholder upon request to the Company’s Corporate Secretary.

Company Leadership Structure

Fred L. Callon currently serves as President and Chief Executive Officer of the Company and also serves as Chairman of the Board of Directors. Mr. Callon is the son of one of the founders of the Company and has been involved in the oil and gas industry virtually all his professional career. In his capacity as Chairman, Mr. Callon has the following responsibilities:

- Calls meetings of the Board;
- Chairs meetings of the Board and the Annual Shareholders’ Meeting;
- Establishes Board meeting schedules and agendas;
- Ensures that information provided to the Board is timely, complete, and accurate;
- Communicates with all directors on key issues and concerns outside of Board meetings; and
- Represents the Company to and interacts with external shareholders and employees.

The Board of Directors believes that having Mr. Callon serve as both the Chief Executive Officer and the Chairman of the Board of Directors is a benefit to the overall success and growth of the Company. Since he manages the day-to-day operations, he has a unique perspective on the Company's technical and financial strengths and is best positioned to chair Board meetings where key business issues and corporate strategies are discussed on a routine basis. The Board does not have an independent lead director.

Ethics. The Company's Code of Business Conduct and Ethics sets forth our policies and expectations. The Code, which applies to every director, officer and employee, addresses a number of topics, including conflicts of interest, relationships with others, corporate payments, disclosure policy, compliance with laws, corporate opportunities and the protection and proper use of the Company's assets. The Code meets the NYSE's requirements for a code of business conduct and ethics as well as the SEC's definition of a code of ethics applicable to the Company's senior officers. Neither the Board of Directors nor any Board committee has ever granted a waiver of the Code.

Communication with the Board of Directors. In order to provide the Company's shareholders and other interested parties with a direct and open line of communication to the Board of Directors, the Board of Directors has adopted procedures for communications to directors. Callon shareholders and other interested persons may communicate with the Chairman of the Company's Audit Committee, or with the non-management directors of the Company as a group, by written communications addressed in care of Robert A. Mayfield, Corporate Secretary, Callon Petroleum Company, 200 North Canal Street, Natchez, MS 39120.

All communications received in accordance with these procedures will be reviewed initially by senior management of the Company. Senior management will relay all such communications to the appropriate director or directors unless it is determined that the communication:

- does not relate to the business or affairs of the Company or the functioning or constitution of the Board of Directors or any of its committees;
- relates to routine or insignificant matters that do not warrant the attention of the Board of Directors;
- is an advertisement or other commercial solicitation or communication;
- is frivolous or offensive; or
- is otherwise not appropriate for delivery to directors.

The director or directors who receive any such communication will have discretion to determine whether the subject matter of the communication should be brought to the attention of the full Board of Directors or one or more of its committees and whether any response to the person sending the communication is appropriate. Any such response will be made only in accordance with applicable law and regulations relating to the disclosure of information.

The Corporate Secretary will retain copies of all communications received pursuant to these procedures for a period of at least one year. The Board of Directors will review the effectiveness of these procedures from time to time and, if appropriate, recommend changes. As of the record date, no such communications have been received.

Attendance at 2011 Annual Meeting of Shareholders. It is the policy of the Board that, to the extent possible, all directors attend the 2011 Annual Meeting of Shareholders. All then current directors attended the 2010 Annual Meeting of Shareholders.

Oversight of Risk Management

The Company is exposed to a number of risks and undertakes enterprise risk management reviews to identify and evaluate these risks and to develop plans to manage them effectively. The Company's executive officers are directly responsible for the Company's enterprise risk management function and report to the Board of Directors. Although not inclusive, a list of items considered generally includes:

- accurate and complete financial reporting;
- rules and regulations of the NYSE;
- environmental and safety issues;
- safeguarding of Company assets;
- adequacy of insurance protection;
- compliance with all credit facility covenants; and
- employee relations issues.

The Board of Directors plays a key role in the oversight of the Company's enterprise risk management function. Using their collective skills and experience, they consider information provided by management and provide feedback and make recommendations, if needed, to try to help minimize risk to the Company's current and future value.

In addition, our Audit Committee considers our practices regarding risk assessment and risk management, reviews our contingent liabilities, reviews our oil and natural gas reserve estimation practices, as well as major legislative and regulatory developments that could affect us. Our Audit Committee also oversees our Code of Business Conduct and Ethics, and responses to any alleged violations of our policies made by whistleblowers. Our Compensation Committee reviews and attempts to mitigate risks which may result from our compensation policies, including working directly with senior management to determine whether such programs improperly encourage management to take risks relating to the business and/or whether risks arising from our compensation programs are likely to have a material adverse effect on the Company. Our Strategic Planning Committee organizes and oversees the Board's participation in the risk assessment and management process as it relates to the Company's strategic plan.

The Board also believes that the Board's role of oversight of risk management is facilitated by the Company's leadership structure. By combining the positions of Chairman of the Board and Chief Executive Officer, the Board gains a valuable perspective that combines the operational expertise of a member of management with the oversight focus of a member of the Board. Our Board of Directors believes that this division of risk management related roles among the Company's independent directors fosters an atmosphere of significant involvement in the oversight of risk and that this shared oversight is appropriate for the Company.

Committees of the Board of Directors

Audit Committee Functions and Responsibilities

The principal function of the Audit Committee is to assist the Board of Directors in the areas of financial reporting and accounting integrity. The Audit Committee reviews the accounting and auditing procedures and financial reporting practices of the Company and is responsible for the engagement of and overseeing all audit work conducted by the Company's independent registered public accounting firm. The Audit Committee is governed by a charter that has been approved by the Board of Directors. The Audit Committee meets periodically with the Company's management, internal auditor and its independent registered public accounting firm to review the Company's financial information and systems of internal controls and ensures such parties are properly discharging their responsibilities. The independent registered public accounting firm reports directly to the Audit Committee and annually meets with the Audit Committee without management representatives present. The Audit Committee has the authority to investigate any matters brought to its attention and to retain outside legal, accounting or other consultants if deemed necessary.

The Audit Committee is composed entirely of non-management members of the Board, each of whom satisfy the independence requirements for audit committee members under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and are "independent" and "financially literate" as defined by NYSE rules. Members of the Audit Committee may not simultaneously serve on the audit committee of more than two other public companies. The Audit Committee is currently comprised of Messrs. Wallace (Chairman), Flury, McVay and Wilson. Mr. Wilson will not stand for re-election at the Annual Meeting. Accordingly, the Nominating and Corporate Governance Committee has nominated Mr. Nocchiero for election to the Board, and we expect that if elected, Mr. Nocchiero will serve on our Audit Committee. Additionally, the Board of Directors has determined that Mr. Wallace has the accounting or financial management expertise to be considered a "financial expert" as defined and required by the NYSE rules and by the Exchange Act.

The Audit Committee held five meetings and did not execute any unanimous written consents during 2010. All members of the Audit Committee attended all the meetings. The Audit Committee's report on its activities during 2010 appears later in this proxy statement under the caption "Audit Committee Report."

Relationship with Independent Registered Public Accounting Firm. Management is responsible for establishing and maintaining internal controls over financial reporting and for assessing the effectiveness of those controls. The independent registered public accounting firm is responsible for performing independent audits of the Company's consolidated financial statements and internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing reports thereon. The Audit Committee's responsibility is to monitor and oversee these processes. Ernst & Young LLP, an independent registered public accounting firm, served as the Company's independent registered public accounting firm during 2009 and 2010 and was appointed by the Audit Committee to serve in that capacity for 2011.

Audit Fees. Fees billed for professional services rendered by Ernst & Young LLP for the annual audit and quarterly reviews and for registration statements and other regulatory filings (including the requirements under Section 404 of the Sarbanes-Oxley Act) were $538,397 and $447,000, including out-of-pocket expenses, for the years ended December 31, 2009 and 2010, respectively. The 2009 audit fees have been restated to include an additional $144,500 which was billed subsequent to the filing of the Company's 2009 Proxy Statement.

Audit-related Fees. There were no audit-related fees paid in 2009 or 2010.

Tax Fees. Fees billed for professional services rendered by Ernest & Young LLP for the review of the federal tax return, tax advice and tax planning for 2009 and 2010 totaled $18,600 and $14,200, respectively.

All Other Fees. There were no other fees paid to the Company's independent registered public accounting firm in 2009 or 2010.

Pre-Approval Policy of Audit, Audit-Related, Tax and Non-Audit Services. The Audit Committee pre-approves all audit services and non-audit services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm, as required by applicable law or listing standards and subject to the terms of the audit and non-audit services pre-approval policy adopted by the Audit Committee. The Committee may delegate authority to one or more of its members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of any such member to grant pre-approvals are consistent with the terms of the Pre-Approval Policy and are presented to the full Committee at its next scheduled meeting.

Audit Committee Report

Acting pursuant to its Charter, the Audit Committee reviewed and discussed the Company's audited financial statements at, and for the year ended, December 31, 2010 with management and the Company's independent registered public accounting firm and recommended to the Company's Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. This recommendation was based on:

- the Audit Committee's review of the audited financial statements;
- discussion of the financial statements with management;
- discussion with the Company's independent registered public accounting firm, Ernst & Young LLP, of the matters required to be discussed by auditing standards generally accepted in the United States of America, including the communication matters required to be discussed by SAS 61;
- receipt from Ernst &Young LLP of the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees);
- discussions with Ernst & Young LLP regarding its independence from the Company and its management;
-

Ernst & Young LLP's confirmation that it would issue its opinion that the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries and the results of their operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America; and

- other matters the Audit Committee deemed relevant and appropriate.

John C. Wallace, Chairman
L. Richard Flury
Larry D. McVay
Richard O. Wilson

Compensation Committee Functions and Responsibilities

The purpose of the Compensation Committee is to develop and administer an overall compensation program designed to optimize the opportunity for the Company to achieve its operating objectives and performance goals while properly blending it with the short- and long-term interests of the Company's shareholders. The Committee annually reviews market and industry data to assess the Company's competitive position with respect to each element of total compensation and to ensure the attraction, retention and appropriate reward to the Company's CEO and other executive officers. In addition to the determination of annual base salaries, the Committee is responsible for determining and recommending variable annual cash bonuses and equity awards payable in the form of cash and/or common stock. The Committee maintains authority over the Company's stock incentive plans from which either stock options, restricted stock, restricted stock units, or performance shares can be awarded as part of the total annual compensation package. Currently the variable portion of the annual compensation package is based on certain performance related criteria of the Company for which the Committee is responsible for establishing and approving. In addition to the above, the Committee has the following duties and responsibilities:

- review, recommend, and discuss with management the compensation discussion and analysis section included in the Company's annual proxy statement; and
- prepare an annual report on executive compensation for inclusion in the Company's proxy statement for each Annual Meeting of Shareholders.

Consistent with the listing requirements of the NYSE, the Compensation Committee is composed entirely of independent members of our Board of Directors. Each member meets the independence requirements set by the New York Stock Exchange and applicable federal securities laws. Current members are Messrs. Flury (chairman), McVay, Wallace and Wilson. Mr. Wilson will not stand for re-election at the Annual Meeting. Accordingly, the Nominating and Corporate Governance Committee has nominated Mr. Nocchiero for election to the Board, and we expect that if elected, Mr. Nocchiero will serve on our Compensation Committee.

The Compensation Committee held four meetings and executed three unanimous written consents during 2010. All members of the Compensation Committee attended all the meetings.

Compensation Committee Interlocks and Insider Participation. The members of the Company's Compensation Committee are Messrs. Flury (Chairman), McVay, Wallace and Wilson, none of whom are or have been officers or employees of the Company or any of its subsidiaries. No executive officer of the Company served as a member of the Board of Directors or compensation committee (or other Board committee performing similar functions or, in the absence of any such committee, the entire Board of Directors) of another corporation, one of whose executive officers served on our Compensation Committee or as our director.

Nominating and Corporate Governance Committee Functions and Responsibilities

The purpose of the Nominating and Corporate Governance Committee is to:

- identify and recommend to the Board individuals qualified to be nominated for election to the Board;
- recommend to the Board the members and chairperson for each Board committee;
- periodically review and assess the Company's Corporate Governance Principles and the Company's Code of Business Conduct and Ethics and make recommendations for changes thereto to the Board;
- oversee the annual self-evaluation of the performance of the Board and the annual evaluation of the Company's management; and
- recommend to the Board a successor to the CEO when a vacancy occurs.

Each member of the Committee meets the independence requirements of the NYSE and applicable federal securities laws. Current members are Messrs. Wilson (Chairman), Flury, McVay, and Wallace. The Nominating and Corporate Governance Committee held one meeting and executed one unanimous written consent during 2010. Prior to the formation of this Committee, the entire Board of Directors performed these functions.

Mr. Wilson will not stand for re-election. The Nominating and Corporate Governance Committee has nominated Mr. Nocchiero for election to the Board, and we expect that if elected, Mr. Nocchiero will serve on our Nominating and Corporate Governance Committee and that Mr. Nocchiero will serve as Chairman.

Director Identification and Selection. The Nominating and Corporate Governance Committee has established certain criteria it considers as guidelines in considering nominations to the Company's Board of Directors. The criteria include:

- personal characteristics, including such matters as integrity, age, education, diversity of background and experience, absence of potential conflicts of interest with the Company or its operations, and the availability and willingness to devote sufficient time to the duties of a director of the Company;
- experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- experience in the Company's industry and with relevant social policy concerns;
- experience as a board member of another publicly held company;
- academic expertise in an area of the Company's operations; and
- practical and mature business judgment.

The criteria are not exhaustive and the Nominating and Corporate Governance Committee and the Board of Directors may consider other qualifications and attributes which they believe are appropriate in evaluating the ability of an individual to serve as a member of the Board of Directors. The Nominating and Corporate Governance Committee's goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In order to ensure that the Board consists of members with a variety of perspectives and skills, the Nominating and Corporate Governance Committee has not set any minimum qualifications and also considers candidates with appropriate non-business backgrounds. Other than ensuring that at least one member of the Board is a financial expert and a majority of the Board members meet all applicable independence requirements, the Committee does not have any specific skills that it believes are necessary for any individual director to possess. Instead, the Committee evaluates potential nominees based on the contribution such nominee's background and skills could have upon the overall functioning of the Board. The Committee takes into account diversity in professional experience, skills and background, and diversity in race and gender, in considering individual director candidates.

In accordance with the Company's by-laws, any shareholder may nominate a person for election to the Board of Directors upon delivery of written notice to the Company of such nomination, stating the name and address of the nominee and describing his qualifications. Such notice shall be sent by certified mail or delivered to the principal office of the Company to the attention of the Board of Directors, with a copy to the President and Corporate Secretary of the Company.

The Board of Directors believes that, based on the Nominating and Corporate Governance Committee's knowledge of the Company's Corporate Governance Principles and the needs and qualifications of the Board at any given time, the Nominating and Corporate Governance Committee is best equipped to select nominees that will result in a well-qualified and well-rounded Board of Directors. In making its nominations, the Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue their service. Current members with qualifications and skills that are consistent with the Committee's criteria for Board service are re-nominated. As to new candidates, the committee will generally poll the Board members and members of management for recommendations. The committee may also review the composition and qualification of the boards of directors of the Company's competitors, and may seek input from industry experts or analysts. The committee reviews the qualifications, experience and background of the candidates. Final candidates are interviewed by the independent directors and executive management. In making its determinations, the committee evaluates each individual in the context of the Board as whole, with the objective of assembling a group that can best represent shareholder interests through the exercise of sound judgment. After review and deliberation of all feedback and data, the committee makes its recommendation to the Board of Directors. The committee may in the future choose to engage third-party search firms in situations where particular qualifications are required or where existing contacts are not sufficient to identify an appropriate candidate. Any search firm retained to assist the Committee in seeking candidates for the Board will affirmatively be instructed to seek to include diverse candidates from traditional and nontraditional candidate groups.

Strategic Planning Committee Functions and Responsibilities

The Strategic Planning Committee was created to oversee the responsibilities of the Board relating to planning and finance, including: to organize and oversee the Board's participation in the development of a strategic plan and the risk assessment and management process; to follow the progress in the implementation of the strategic plan and to advise the Board if additional Board action appears to be needed to assure successful implementation of the plan or if a need exists to revise the plan in the face of changing conditions or other factors; and to assure that management is addressing the personnel requirements for the successful implementation of the strategic plan. The committee will consist of no fewer than three members of the Board. The Chair and a majority of the committee members shall meet the independence requirements of the NYSE and such other rules and regulations as may be applicable. Current members of the Strategic Planning Committee are Larry D. McVay (chairman), L. Richard Flury, John C. Wallace, and Richard O. Wilson. We expect that if elected, Mr. Nocchiero will replace Mr. Wilson, who is not standing for election, on our Strategic Planning Committee subsequent to the 2011Annual Meeting.

BENEFICIAL OWNERSHIP OF SECURITIES

Management and Principal Shareholders

The following table sets forth, as of the March 16, 2011, certain information with respect to the ownership of shares of common stock held by (i) all persons known by the Company to be the beneficial owners of 5% or more of the outstanding common stock, (ii) each director, (iii) the nominees for director, (iv) each of the executive officers named in the Summary Compensation Table, and (v) all executive officers and directors of the Company as a group. Information set forth in the table with respect to beneficial ownership of common stock has been obtained from filings made by the named beneficial owners with the SEC as of the record date or, in the case of executive officers and directors of the Company, has been provided to the Company by such individuals.

	Common Stock (a)	
Name and Address of Beneficial Owner	Beneficial Ownership	Percent
Directors:		
Fred L. Callon	207,829(b)	*
L. Richard Flury	96,250(c)	*
Larry D. McVay	72,500(d)	*
John C. Wallace	-- (e)	*
B. F. Weatherly	111,343(f)	*
Richard O. Wilson	211,020(g)	*
Named Executive Officers:		*
Steven B. Hinchman	-- (h)	*
Gary A. Newberry	40,465(i)	*
Rodger W. Smith.	42,509(j)	*
Stephen F. Woodcock	63,489(k)	*
Nominee:		
Anthony J. Nocchiero	-- (l)	*
Directors and Executive Officers:		
As a Group (12 persons)	1,011,140(m)	2.57%
Certain Beneficial Owners:		
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403	5,436,818 (n)	13.90%

* Less than 1%

a) Unless otherwise indicated, each of the persons listed in the table may be deemed to have sole voting and dispositive power with respect to such shares. Beneficial ownership does not include the unvested portion of stock awards due to lack of voting and disposition power unless such award will vest within sixty days of March 16, 2011. Percentage ownership of a holder or class of holders is calculated by dividing (i) the number of shares of common stock beneficially owned by such holder or class of holders plus the total number of shares of common stock underlying options exercisable or stock awards vesting within sixty days of March 16, 2011, by (ii) the total number of shares of common stock outstanding plus the total number of shares of common stock underlying options exercisable and stock awards vesting within sixty days of March16, 2011, but not common stock underlying such securities held by any other person.

b) Of the 207,829 shares beneficially owned by Fred L. Callon, 68,248 shares are owned directly by him; 92,170 shares are held by him as custodian for certain minor Callon family members; 16,036 shares are owned within the Company's Employee Savings and Protection Plan; and 31,375 shares are subject to options under the 1996 Plan, exercisable within 60 days. Shares indicated as beneficially owned by Mr. Callon do not include 24,904 shares of common stock owned by his wife over whom he disclaims beneficial ownership and 23,000 shares of unvested restricted stock and 387,500 restricted stock units, of which 206,250 units are payable in stock and 181,250 units are payable in cash.

c) Of the 96,250 shares beneficially owned by L. Richard Flury, 56,250 shares are owned directly by him; 5,000 shares are subject to options under the 1996 Plan, exercisable within 60 days; 5,000 shares are subject to options under the 2002 Plan, exercisable within 60 days; and 30,000 shares of unvested restricted stock which will vest within sixty days of March 16, 2011.

d) Of the 72,500 shares beneficially owned by Larry D. McVay, 42,500 shares are owned directly by him and 30,000 shares of unvested restricted stock which will vest within sixty days of March 16, 2011.

e) John C. Wallace transferred his equity ownership in the Company to The Wallace Family Trust in April 2008. All equity ownership in the Company acquired by Mr. Wallace since April 2008 has also been transferred to the Wallace Family Trust. Mr. Wallace has no voting and dispositive power over the shares owned by the Trust.

f) Of the 111,343 shares beneficially owned by B. F. Weatherly, 2,288 shares are owned within his personal IRA account; 66,526 shares are held in joint tenancy with his wife; 32,529 shares are owned within the Company's Employee Savings and Protection Plan; 5,000 shares are subject to options under the 1996 Plan, exercisable within 60 days; and 5,000 shares are subject to options under the 2002 Plan, exercisable within 60 days. Shares indicated as beneficially owned by Mr. Weatherly do not include 15,000 shares of unvested restricted stock and 202,500 restricted stock units, of which 129,625 units are payable in stock and 72,875 units are payable in cash.

g) Of the 211,020 shares beneficially owned by Richard O. Wilson, 144,201 shares are held in a family limited partnership; 6,819 shares are held in a Trust account; 5,000 shares are subject to options under the 1994 Plan, exercisable within 60 days; 15,000 shares are subject to options under the 1996 Plan, exercisable within 60 days; 10,000 shares are subject to options under the 2002 Plan, exercisable within 60 days; and 30,000 shares of unvested restricted stock which will vest within sixty days of March 16, 2011.

h) Steven B. Hinchman retired from the Company in October 2010 and is no longer required to report his beneficial ownership to the Company.

i) Of the 40,465 shares beneficially owned by Gary A. Newberry, 36,027 shares are owned directly by him and 4,438 shares are owned within the Company's Employee Savings and Protection Plan. Shares indicated as beneficially owned by Mr. Newberry do not include 100,000 shares of unvested restricted stock units, of which 85,000 units are payable in stock and 15,000 units are payable in cash.

j) Of the 42,509 shares beneficially owned by Rodger W. Smith, 20,218 shares are owned directly by him; and 22,291 shares are owned within the Company's Employee Savings and Protection Plan. Shares indicated as beneficially owned by Mr. Smith do not include 6,000 shares of unvested restricted stock and 111,000 restricted stock units, of which 68,850 units are payable in stock and 42,150 units are payable in cash.

k) Of the 63,489 shares beneficially owned by Stephen F. Woodcock, 29,543 shares are owned directly by him; 12,196 shares are owned within the Company's Employee Savings and Protection Plan; and 21,750 shares are subject to options under the 2002 Plan, exercisable within 60 days. Shares indicated as beneficially owned by Mr. Woodcock do not include 8,000 shares of unvested restricted stock and 140,500 restricted stock units, of which 87,550 units are payable in stock and 52,950 units are payable in cash.

l) As of the record date, Mr. Nocchiero is not required to report his beneficial ownership in the Company.

m) Includes 5,000 shares subject to options under the 1994 Plan, exercisable within 60 days; 56,375 shares subject to options under the 1996 Plan, exercisable within 60 days; 55,800 shares subject to options under the 2002 Plan, exercisable within 60 days; 90,000 shares of unvested restricted stock which will vest within sixty days of March 16, 2011; and 176,081 shares are owned within the Company's Employee Savings and Protection Plan.

n) Information is based upon a Schedule 13G filed with the SEC on February 8, 2011 by Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr., and Franklin Advisers, Inc. (collectively "Franklin"). In this Schedule

13G, Franklin represents that it has sole voting power with respect to 5,328,065 shares of common stock and sole dispositive power with respect to 5,436,818 shares of common stock.

With respect to shares issuable upon exercise of stock options, the holders or class of holders acquire investment power for these shares immediately upon a "change of control" as defined in the applicable plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by the SEC's regulations to furnish the Company and the NYSE copies of all Section 16(a) forms they file with the SEC.

Based solely on review of the copies of such reports furnished to the Company during, or with respect to, the fiscal year ended December 31, 2010, and written representations from all of the Company's officers and directors, to the Company's knowledge, all of the Company's officers, directors and greater than ten percent shareholders have complied with all Section 16(a) filing requirements for the year ended December 31, 2010.

EXECUTIVE COMPENSATION AND OTHER RELATED INFORMATION

Compensation Discussion and Analysis of Executive Compensation

Oversight of Executive Compensation Program

The Compensation Committee of our Board of Directors oversees our compensation programs. The primary function of the Committee is to assist our Board of Directors in the discharge of its fiduciary responsibilities relating to compensation of our Chief Executive Officer and other executives. From time to time the Committee has retained a compensation consultant to assess the effectiveness of the Company's compensation programs.

For the period January 2010 through September 2010, the Compensation Committee retained the services of a consultant employed by Hewitt Associates LLC. In October 2010, the consultant joined Meridian Compensation Partners LLC and continued to evaluate and make recommendations concerning Callon's compensation practices and procedures. This included both the form and amount of compensation paid to the executive officers. The Compensation Committee considered the advice of the consultant as only one factor among the other items discussed in this compensation discussion and analysis.

While the consultant interacts with the Company's executive officers in order to complete its assignments and prepare its reports, the consultant reports directly to the Compensation Committee. Neither Hewitt nor Meridian has provided any services to us other than advice and recommendations with respect to the determination of the amount and form of executive and director compensation at the request of the Committee.

The Compensation Committee has established procedures that it considers adequate to ensure that the compensation consultant's advice to the committee remains objective and is not influenced by our management. With the consent of the Compensation Committee chair, the independent compensation consultant may, from time to time, contact our executive officers for information necessary to complete its assignments and may make reports and presentations to and on behalf of the committee that the executive officers may also receive.

Compensation Risks

The Compensation Committee, with assistance of its independent compensation consultant, extensively reviewed the elements of executive compensation during 2010 to determine whether any portion of executive compensation encouraged excessive risk taking. Management of the Company conducted a similar risk assessment with respect to other employees. Management and the Compensation Committee do not believe that risks arising from our compensation policies and practices for our executive officers and other employees present risks that are reasonably likely to have a material adverse effect on the Company. In addition, we believe that the mix and design of the elements of compensation do not encourage management to assume excessive risks.

Compensation Program Philosophy and Objectives

Our business strategy is to increase shareholder value by increasing reserves and production levels, increasing reserve life and predictability of production, diversifying risk and strengthening our balance sheet. Our compensation program is designed to attract, retain, and motivate employees in order to effectively implement our strategy. Our compensation program has four objectives:

- To attract, retain and motivate qualified executives whose performance is key to the successful execution of our business strategy and the achievement of our short- and long-term corporate goals;
- To create a "pay for performance" oriented environment that rewards significant contributions to our short- and long-term strategic goals;
- To provide an executive compensation structure that is internally equitable based upon the level of responsibility of our executives; and
- To align the interests of our executive officers with those of our shareholders.

Use of Market Data

In order to assist in the determination of compensation, the consultant provides the Compensation Committee with market data from a group of peer companies in the industry that are similar in size and operations to Callon. The peer group is adjusted each year based on changes in the industry and changes in Callon's operations. The Committee looks at Callon's size from an asset standpoint relative to the peer companies to help frame appropriate levels of compensation as a reference point for decision-making. Our management and Compensation Committee use the information regarding peer companies to confirm their compensation decisions for reasonableness. We do not target a specific percentile of our peer group, and the market data is one of several factors considered by the Committee in determining compensation.

The table below indicates the Peer Companies ("Peer Companies") which were used for compensation decisions during 2010.

Peer Companies
ATP Oil and Gas Corp.
Brigham Exploration Company
Carrizo Oil & Gas, Inc.
Goodrich Petroleum Corporation
Mariner Energy Inc.
McMoran Exploration Company
Parallel Petroleum Corporation
Petroquest Energy Inc.
Stone Energy Co.
Swift Energy Company

Elements of Compensation

The Committee believes that the compensation environment for qualified executives in the domestic oil and gas industry is highly competitive. In order to compete in this environment, our executive officers' compensation has the following components:

Component	Purpose	Philosophy Statement
Base Salary	·Pay for expertise and experience ·Attract and retain ·Provide stable compensation level	·In the aggregate, targeted at an appropriate level against the peers given relative size ·Reflective of individual experience and expertise
Annual Cash Reward and Incentive Compensation	·Motivate superior operational and financial performance ·Provide annual recognition of performance	·In the aggregate, bonus opportunities targeted at an appropriate level against the peers given relative size ·Reflective of internal equity considerations ·Goals aligned with annual strategic objectives of the Company ·Modest or no payout for performance below expectations and potential for significantly increased payout for exceptional performance ·Provide balance in compensation programs and avoid encouraging undue risk-taking
Long-Term Equity Incentives	·Directly align employees with shareholders ·Create significant retention hook ·Match competitive practices to attract and retain employees	·Ultimate value delivered influenced by the Company's return to shareholders as compared against peer companies ·Appropriate opportunities based on a review of multiple reference points: ¾ Industry peer grant values ¾ Historical grant practices ¾ Internal relative positioning ¾ Provide balance in compensation programs and avoid encouraging undue risk-taking
Retirement and Health/Welfare Benefits	·Provide financial security ·Help ensure a financial safety net ·Match competitive practices	·Programs generally consistent, regardless of level, across the organization ·Benefit levels competitive with peer companies
Severance Protection	·Match competitive practices to attract and retain employees ·For change in control protection, help ensure executives consider all possible transactions to increase shareholder value	·Benefit levels based on peer group practices with consideration to shareholder value

How We Determine Each Element of Compensation.

Base Salaries. At a regularly scheduled meeting, generally in March of each year, the Committee uses the market data supplied by the consultant to compare the current annual base salaries of the executive officers to current base salaries for similar executive positions at peer companies. In addition to the market data, the Committee also considers various factors such as each executive's motivation level, leadership ability, overall knowledge and experience in his particular segment of our business, the competitive compensation environment for such individual, the financial strength of the Company, that person's unique skills and his or her expected future contribution to the success of our Company. The Committee feels that if these qualities are rewarded, the executives will be motivated to achieve our corporate goals and successfully implement our business strategies. Upon review of these various factors, the Committee made no changes to existing executive officer salaries during 2010 except as noted below.

The Committee authorized the hiring of Gary A. Newberry in April 2010 as the Vice President of Production and Development. In accordance with the terms of his employment, Mr. Newberry's initial base salary was $320,000 per year. Mr. Newberry was promoted to the position of Senior Vice President, Operations in late September 2010. Upon his promotion, he received an increase in annual base salary to $350,000 per year.

Annual Cash Reward and Incentive Compensation. Executive officers, senior management and other non-management technical personnel have the potential to receive a significant portion of their annual cash compensation as a cash bonus. As with base salary, the Committee looks at Callon's size from a revenue standpoint relative to the peer companies as a reference point for determining the reasonableness of targeted bonus opportunities. For 2010, the Committee set the initial bonus targets for the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Senior Vice President – Operations at 100%, 90%, 75%, and 75% of base salary, respectively. The other named executive officers were eligible for a bonus targeted at 50% to 60% of base salary. Mr. Hinchman's bonus target was set at his time of hire based on an analysis of market data and as part of the negotiation process to bring Mr. Hinchman aboard. Mr. Hinchman resigned from the Company effective October 1, 2010 and therefore, the Compensation Committee determined that he did not make a significant contribution to the overall bonus goals set for the year. He was not considered for a current-year cash bonus.

Each year, following the Board of Directors' approval of the annual operating budget and financial forecast for the next year, the Compensation Committee also sets performance related cash bonus guidelines for the next year. These guidelines are used as a reference point and no specific formula or weighting is considered. The Compensation Committee desired to set reasonable bonus guidelines for 2010 which would encourage management, promote growth of the Company and foster added shareholder value. These goals centered around the following:

- successful execution of the Company's budgeted development drilling plan in the Wolfberry and Haynesville acreage;
- increasing the Company's overall net acreage position and identifying additional drilling opportunities; and
- improving certain financial related results.

After the end of the performance period, the Committee meets to evaluate the extent to which the guidelines were met. In addition, the Committee may also consider how unexpected events affecting the Company may impact the bonus attainment percentage. Also, our Committee encourages our executives to pursue long-term goals, even if these long-term goals may result in a reduction in our near-term performance. Accordingly, after determining the overall bonus attainment percentage, the Committee reserves the right to adjust an individual's bonus amount based on individual achievements and contributions to the Company.

At the March 2011 Compensation Committee meeting, the Committee subjectively evaluated the Company's overall performance against the guidelines set for 2010 and determined that each named goal was reached or exceeded. The Company drilled more wells in the Wolfberry than originally budgeted; additional acreage was acquired which resulted in additions to the drilling inventory; and the Company gained financial stability by improving the Company's common stock price, increased cash flow and reduced debt. In addition, the Committee noted that the Company had significant growth in reserves and considered the foundation provided in 2010 for a potential equity offering in 2011.

The Committee concluded that in the aggregate, overall Company performance for the year met or exceeded its expectations and wanted to also recognize significant effort on behalf of certain members of the management team during the year to achieve this performance. The Committee awarded cash bonuses to the named executive officers and, using its discretion, the Committee awarded higher than target bonus awards for a limited number of management employees including the Chief Executive Officer.

Fred Callon was specifically recognized for his leadership ability to transition the Company from a mainly offshore company to a more balanced company with both offshore and onshore production. He was also instrumental in the restructuring of the Company's senior notes and laying the foundation for an equity offering in 2011, in addition to the general success of the Company in 2010. The other named executive officers were awarded cash bonuses for their efforts in 2010 based on their contributions in the following areas:

- successful execution of the Company's budgeted development drilling plan in the Wolfberry and Haynesville acreage;
- improving the financial strength of the Company by negotiating and implementing a new credit facility;
- preparations made in 2010 for a potential common stock offering, which was completed in 2011; and
- the operational success of the Company, including acreage acquisitions which resulted in increased drilling locations.

Long-term Equity Incentives. The Compensation Committee administers our long-term incentive plans and performs functions that include selecting award recipients, determining the timing of grants and assigning the number of shares awarded, fixing the time and manner in which awards are exercisable, setting option exercise prices and vesting and expiration dates, and from time to time adopting rules and regulations for our plans. For the grant of equity compensation to executive officers, our Compensation Committee will typically consider information provided by the consultant and our Chief Executive Officer, related to the overall competitive environment associated with long-term compensation. We do not have any program, plan or obligation that requires us to grant equity compensation on specified dates. However, our Committee does follow a policy of not granting equity incentives when material non-public information exists that may affect the short-term price of our stock.

The Committee considered information provided by the consultant, the long-term incentive practices of the peer group, and the Company's financial situation and share availability and determined in May 2010 to grant long-term incentives to the executive officers. The grants consisted of restricted stock units and phantom shares as detailed below:

Officer	Restricted Stock Units (Time-based vesting)	Phantom Shares (Time-based Vesting)	Target Phantom Shares (Performance-based Vesting)
F. Callon	106,250	18,750	62,500
B. Weatherly	85,000	15,000	50,000
S. Hinchman	85,000	15,000	50,000
G. Newberry	--	--	--
S. Woodcock	63,750	11,250	37,500
R. Smith	51,000	9,000	30,000

The time-based awards generally vest at the end of three years. The performance-based phantom shares vest at the end of three years and are subject to an adjustment based on the Company's shareholder return performance measured against a group of peer companies as follows:

Callon's Shareholder Return Rank	Phantom Shares Vesting as a Percentage of Target
1 or 2	150%
3 or 4	125%
5 or 6	100%
7 or 8	50%
9, 10, or 11	0%

At the end of the vesting period, the earned awards will be provided to the participant without any additional holding period.

Mr. Newberry was promoted to the position of Senior Vice President, Operations in late September 2010. Upon his promotion, he was granted 100,000 restricted stock units to cliff vest on May 7, 2013.

On September 22, 2010, Mr. Hinchman submitted his resignation to the Company effective October 1, 2010. Upon his resignation, one-third of his outstanding stock options vested and he exercised his right to purchase stock. The remaining 333,333 unvested stock options and the 200,000 restricted stock units he held were deemed forfeited.

Information concerning all unvested performance shares and outstanding options held by our named executive officers is contained in the "Outstanding Equity Awards at December 31, 2010" table.

Retirement and Health/Welfare Benefits. We provide certain benefits that we believe are standard in the industry to all of our employees. These benefits consist of a group medical and dental insurance program for employees and their qualified dependents, group life insurance for employees and their spouses, accidental death and dismemberment coverage for employees, long-term disability, a Company sponsored cafeteria plan and a 401(k) employee savings and protection plan. The costs of these benefits are paid entirely by the Company. Employee life insurance amounts surpassing the Internal Revenue Service maximum are treated as additional compensation to all employees. The Company's 401(k) contribution to each qualified participant, including the named executive officers, is calculated based on 5% of the employee's eligible salary, excluding overtime pay and annual cash bonuses, and is paid one-half in cash and one-half in Company common stock, limited to IRS regulation dollar limits. The Company also matches employee deferral amounts, including amounts deferred by named executive officers, up to a maximum of 5% of eligible compensation. The Company pays all administrative costs to maintain the plan.

Our executive officers are entitled to certain benefits, or perquisites, that are not otherwise available to all of our employees. We provide our Chief Executive Officer, Chief Financial Officer and other executive officers with use of a Company automobile. We purchase the automobile and pay for all maintenance, repairs, insurance and fuel. The employee is required to recognize taxable income using the Internal Revenue Service's annual lease value method for personal use of the vehicle. Another benefit offered only to Mr. Fred L. Callon is the Company's payment of a term life insurance policy for which Mr. Callon is the sole beneficiary and which the Company has no economic interest in the proceeds. The costs associated with these benefits for the named executive officers are reported as "Other Compensation" in the Summary Compensation Table. The Committee feels these perquisites are common to the oil and gas industry and the value of such benefits is considered in determining total compensation of our executives.

Severance Protection. Callon has not entered into any employment agreements with our executive officers. To align with market practices and in order to ensure all named executive officers are motivated to consider any transaction that would increase shareholder value, each of our named executive officers (with the exception of Gary A. Newberry) has a change-in-control severance compensation agreement. These agreements match competitive practices and are all similar in structure except that Mr. Callon's benefit levels are higher to reflect his position as the CEO of the Company. Additionally, these agreements also include non-competition, non-solicitation and nondisclosure provisions, in addition to "claw back" provisions that apply in the event of any of these provisions are violated by the executive in order to protect the Company in the event the benefits are triggered. Effective January 2011, the Company eliminated the excise tax gross-up provisions attributable to excess parachute payments in each of these contracts to align with evolving governance practices, and replaced such gross-up provisions with a "net best" provision. Despite competitive market practices to the contrary, the Committee chose not to provide guaranteed severance benefits outside of a change-in-control. In the event of a termination of employment outside of a change-in-control, the Committee will consider the circumstances of each case separately.

Internal Revenue Service Limitations. When establishing our compensation programs, we consider all relevant tax laws. Our programs are designed to comply with Section 409A of the tax code, which applies to nonqualified deferred compensation, in order to prevent negative tax consequences for our executives. Under Section 162(m) of the Internal Revenue Code, a limitation is placed on tax deductions of any publicly-held corporation for individual compensation to certain executives of such corporation exceeding $1,000,000 in any taxable year, unless the compensation is performance-based. However, the Committee reserves the right to use its judgment to authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate and in the best interest of the shareholders, after taking into consideration changing business conditions or the executive's individual performance and/or changes in specific job duties and responsibilities. During 2009, the Company did not have any employees who exceeded the non-performance based compensation limit established by Internal Revenue Code Section 162(m). During 2010, the non-performance based compensation attributable to Fred L. Callon exceeded the limit established by Internal Revenue Code Section 162(m) in the amount of $197,199.

Insider Trading Policy. We have an Insider Trading Policy for which all employees and members of our Board of Directors are prevented from buying or selling Company stock during periodic “trading blackout” periods. A trading blackout period is placed in effect by senior management when material non-public information about the Company may exist and may have an influence on the marketplace.

Stock Ownership Policy. In March 2008, the Compensation Committee of the Board of Directors adopted a stock ownership policy which applies to the Chief Executive Officer and the other named executive officers. The provisions of the policy provide for the investment position, computed on December 31 of each year, of the Chief Executive Officer to be no less than three times his or her base salary. For other named executive officers, the investment position shall be no less than two times base salary. Investment position is defined as calculated value of shares owned, shares owned indirectly, equivalent shares invested in the officer’s 401(k) plan, and unvested portion of time-based vesting of performance or restricted shares. Value attributable to shares represented by both vested and unvested stock options and the value of unvested performance-based vesting of performance or restricted shares are excluded. Each officer has a period of five years from the date of adoption to attain the required investment position. If a named officer becomes subject to a greater investment position due to a promotion or an increase in salary, he or she will be expected to attain the increased investment position within three years of the change. During 2010, the requirement for the Chief Executive Officer was increased to six times his or her base salary to better reflect evolving governance standards.

The Compensation Committee reserves the right to approve an alternate stock ownership guideline for named officers who can demonstrate a severe hardship in meeting the general guidelines.

Certain Relationships and Related Party Transactions. Our Audit Committee charter provides that the Company shall not enter into a related party transaction unless such transaction is approved by the Audit Committee after a review of the transaction by the Audit Committee for potential conflicts of interest. A transaction will be considered a "related party transaction" if the transaction would be required to be disclosed under Item 404 of Regulation S-K. In addition, our Code of Business Conduct and Ethics provides that an officer's or a director's conflict of interest with the Company may only be waived if the Nominating and Governance Committee approves the waiver and the full Board of Directors ratifies the waiver. The Committees have the authority to hire legal, accounting, financial or other advisors as it may deem necessary or desirable and/or to delegate responsibilities to executive officers of the Company in connection with discharging their duties. As of December 31, 2010, we are not aware of any related party transactions with our executive officers that may cause a conflict of interest with the Company.

Compensation Committee Report

We have reviewed and discussed with management certain Compensation Discussion and Analysis provisions included in this proxy statement. Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the Compensation Discussion and Analysis referred to above be included in this proxy statement.

L. Richard Flury (Chairman)
Larry D. McVay
John C. Wallace
Richard O. Wilson

The following table sets forth certain information with respect to the Chief Executive Officer and Chief Financial Officer of the Company and the three most highly compensated executive officers of the Company serving in such positions as of December 31, 2010. Pursuant to SEC rules, we have also included Steven B. Hinchman in the table even though he was no longer employed with us at year end. We sometimes refer to the officers listed below as the "named executive officers."

Summary Compensation Table

Name and Principal Position	Year	Annual Salary ($)	Cash Bonus ($)	Stock Awards ($)	All Other Compen-sation ($)(11)	Total ($)
Fred L. Callon						
Chairman and Chief Executive Officer	2010	464,520	575,000(3)	944,063 (5)	64,719	2,048,302
	2009	464,520	696,780	325,000 (6)	61,213	1,547,513
	2008	464,520	116,125	937,020 (7)	52,572	1,570,237
B. F. Weatherly						
Executive Vice President and Chief Financial Officer	2010	364,000	420,000(3)	755,250 (5)	47,524	1,586,774
	2009	364,000	546,000	85,313 (6)	55,804	1,051,117
	2008	364,000	68,250	611,100 (7)	43,520	1,086,870
Steven B. Hinchman						
former Executive Vice President and Chief Operating Officer	2010	322,500(1)	--	755,250 (5)	69,330	1,147,080
	2009	256,346	387,000	551,000 (8)	22,110	1,216,456
Gary A. Newberry						
Senior Vice President - Operations	2010	250,077(2)	100,000(4)	273,000 (9)	44,143	1,117,220
			300,000(3)	375,000(10)		
Stephen F. Woodcock						
Vice President	2010	286,000	171,600(3)	566,438 (5)	55,571	1,079,609
	2009	286,000	171,600	45,500 (6)	45,376	548,476
	2008	286,000	35,750	325,920 (7)	43,513	691,183
Rodger W. Smith						
Vice President and Treasurer	2010	218,400	130,000(3)	453,150 (5)	45,432	846,982
	2009	218,400	196,560	34,125 (6)	48,372	497,457
	2008	218,400	27,300	244,440 (7)	46,872	537,012

(1) Mr. Hinchman joined the Company as Executive Vice President and Chief Operating Officer effective June 1, 2009 with an annual salary of $430,000 per year. Mr. Hinchman resigned from the Company effective October 1, 2010.

(2) Mr. Newberry's initial annual salary was $320,000. Upon his promotion in September 2010, his annual salary was increased to $350,000.

(3) Cash bonus declared in March 2011 attributable for services performed during 2010.

(4) Represents a sign-on bonus paid in April 2010 as an additional incentive for employment.

(5) Represents the grant date fair value of the restricted stock units and phantom units granted to the named executive officers on May 7, 2010 computed in accordance with FASB ASC Topic 718. The assumptions utilized in the calculation of these amounts are set forth in footnotes 9 and 10 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 15, 2011.

(6) Represents the grant date fair value of the restricted stock units granted to the named executive officers on August 14, 2009 computed in accordance with FASB ASC Topic 718. The assumptions utilized in the calculation of these amounts are set forth in footnote 4 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on March 12, 2010.

(7) Represents the grant date fair value of the time-based restricted stock and performance shares granted to the named executive officers on April 18, 2008 computed in accordance with FASB ASC Topic 718. The assumptions utilized in the calculation of these amounts are set forth in footnote 3 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on March 19, 2009.

(8) Represents the grant date fair value of the time-based restricted stock and Performance shares granted to the named executive officer on June 1, 2009 computed in accordance with FASB ASC Topic 718. The assumptions utilized in the calculation of these amounts are set forth in footnote 4 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on March 12, 2010.

(9) Represents the grant date fair value of the restricted stock units granted to the named executive officer on April 1, 2010 computed in accordance with FASB ASC Topic 718. The assumptions utilized in the calculation of these amounts are set forth in footnotes 9 and 10 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 15, 2011.

(10) Represents the grant date fair value of the restricted stock units granted to the named executive officer on September 22, 2010 computed in accordance with FASB ASC Topic 718. The assumptions utilized in the calculation of these amounts are set forth in footnotes 9 and 10 to the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 15, 2011.

(11) See table and related footnotes below.

Table of All Other Compensation

Name	Year	Company Contributed Cash to 401(k) ($)	Company Contributed Common Stock to 401(k) ($)(1)	Company Provided Group Life Insurance ($)	Company Provided Auto ($)(2)	Company Paid Other ($)		Total ($)
Fred L. Callon	2010	18,375	6,125	3,643	21,887	14,689	(3)	64,719
	2009	18,375	6,126	2,374	22,838	11,500	(3)	61,213
	2008	17,250	6,286	2,465	15,071	11,500	(3)	52,572
B. F. Weatherly	2010	18,375	6,125	7,010	16,014	--		47,524
	2009	18,375	6,124	7,010	15,047	9,248	(4)	55,804
	2008	17,250	5,906	3,784	16,580	--		43,520
Steven B. Hinchman	2010	18,375	6,125	982	13,459	30,389		69,330
	2009	6,125	6,125	786	9,074	--		22,110
Gary A. Newberry	2010	18,375	6,125	1,846	17,797	--		44,143
Stephen F. Woodcock	2010	18,375	6,125	2,374	19,118	9,579	(4)	55,571
	2009	18,375	6,125	2,374	18,502	--		45,376
	2008	17,250	5,616	2,465	18,182	--		43,513
Rodger W. Smith	2010	16,380	5,460	3,643	19,949	--		45,432
	2009	16,380	5,461	3,643	22,888	--		48,372
	2008	16,920	5,463	2,465	22,024	--		46,872