SCHWAGER THOMAS E

Form 4

August 22, 2006

FORM 4

Check this box

if no longer

subject to

Section 16.

Form 4 or

obligations

Form 5

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

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * SCHWAGER THOMAS E		Person *	2. Issuer Name and Ticker or Trading Symbol CALLON PETROLEUM CO [CPE]						5. Relationship of Reporting Person(s) to Issuer (Check all applicable)			
(Last) (First) (Middle)		Middle)	3. Date of Earliest Transaction						(encer an approacte)			
200 NORTH CANAL STREET		ET	(Month/Day/Year) 08/21/2006						Director 10% Owner X Officer (give title Other (specify below) Vice-President			
(Street)			4. If Amendment, Date Original						6. Individual or Joint/Group Filing(Check			
NATCHEZ, MS 39120			Filed(Month/Day/Year)						Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			
(City)	(State)	(Zip)	Tabl	e I - No	n-D	erivative S	Securi	ities Aca	uired. Disposed o	f. or Beneficial	lv Owned	
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	Execution any	on Date, if Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) Day/Year) (Instr. 8)		cquired d of (D)	5. Amount of 6. 7. Na Securities Ownership Indirect Beneficially Form: Direct Beneformed (D) or Ownership Indirect (I) (Instrument Indirect (I) (I		7. Nature of Indirect				
				Code	V	Amount	(A) or (D)	Price	Transaction(s) (Instr. 3 and 4)			
Common Stock	08/21/2006	08/21/20	006	M	V	6,400	A	\$0	10,450	D		
Common Stock	08/21/2006	08/21/20	006	F	V	2,013 (1)	D	\$ 15.83	8,437	D		
Common Stock									328 (2)	I	401(k) Account	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactio Code (Instr. 8)		5. Number of onDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and A Underlying Se (Instr. 3 and 4	2
				Code	v	(A)	(D)	Date Exercisable	Expiration Date	Title	I
2006 Performance Shares	\$ 15.83	08/21/2006	08/21/2006	A	V	32,000 (3)		08/21/2006	08/21/2010	Common Stock	
2006 Performance Shares	\$ 15.83	08/21/2006	08/21/2006	M	V		6,400	08/21/2006	08/21/2010	Common Stock	
2004 Performance Shares	\$ 13.71							05/05/2005	07/14/2014	Common Stock	

Reporting Owners

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
SCHWAGER THOMAS E							
200 NORTH CANAL STREET			Vice-President				
NATCHEZ, MS 39120							

Signatures

By: Robert A. Mayfield as Attorney-if-fact for 08/21/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- $\textbf{(1)} \quad \text{Shares withheld by issuer to pay federal and state withholding taxes.}$
- The number of shares reported is calculated by dividing the total market value of the reporting person's account balance within the Callon (2) Petroleum Company Employee Savings and Protection Plan (401(k) Plan) on the day prior to this Form 4 reporting date by the closing market price per share on that day.
- (3) Performance Stock awarded by the Compensation Committee of the Issuer on August 21, 2006. These shares vest 20% on the grant date and 20% of each following anniversary date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Reporting Owners 2

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