

CANO PETROLEUM, INC  
Form 8-K  
September 20, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **September 14, 2004**

**Cano Petroleum, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-50386**  
(Commission  
File Number)

**98-040164**  
(IRS Employer  
Identification No.)

**The Oil & Gas Commerce Building  
309 West 7th Street, Suite 1600  
Fort Worth, TX 76102**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(817) 698-0900**

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

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement**

On September 14, 2004, Cano Petroleum, Inc. completed an acquisition of certain assets from Nowata Oil Properties LLC. The purchase price for the assets was \$2,500,000 paid as follows: (1) \$250,000 in cash was paid on September 2, 2004 upon execution of a Purchase and Sale Agreement; and (2) \$2,250,000 in cash was paid on September 14, 2004 upon closing.

The purchased assets consist of Nowata Oil Properties' right, title and interest in and to specified oil, gas and mineral leasehold estates, including but not limited to non-producing property, mineral rights, subsurface rights, wells and well equipment, inventory and supplies, storage facilities, contract rights, easements and rights-of-way, permits and records belonging to, used or obtained in connection with the leasehold estates (collectively, the Nowata Assets). The Nowata Assets include more than 220 producing wells. The newly acquired wells are producing from the Bartlesville Sandstone in the Nowata Field on 4,500 acres of land in Nowata County, Oklahoma. Current net production is approximately 230 barrels of oil per day (bopd) and proved producing reserves are estimated at 995,753 barrels, based on a recent engineer's report. This makes the cost of acquisition \$2.51 per proved producing barrel of oil and \$10,870 per net daily barrel of oil. Cano expects to increase production on Nowata's existing wells through tertiary methods involving ASP chemical flooding.

**Item 2.01 Completion of Acquisition or Disposition of Assets**

See Item 1.01.

**Item 9.01 Financial Statements and Exhibits.**

**(a) Financial statements of business acquired.**

To be filed by amendment.

**(b) Pro forma financial information.**

To be filed by amendment.

**(c) Exhibits:**

10.1 Purchase and Sale Agreement, dated September 2, 2004, by and between Nowata Oil Properties LLC and Cano Petroleum, Inc.

**SIGNATURES**

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

Dated: September 20, 2004

**CANO PETROLEUM, INC.**

By: /s/ Michael Ricketts  
Michael Ricketts  
Chief Financial Officer