

CANO PETROLEUM, INC  
Form SC 13D/A  
August 11, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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SCHEDULE 13D

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
RULE 13d-2(a)

Under the Securities Exchange Act of 1934  
(Amendment No. 6)\*

Cano Petroleum, Inc.  
(Name of Issuer)

Common Stock, par value \$0.0001 per share  
(Title of Class of Securities)

137801106  
(CUSIP Number)

Steven J. Pully  
Carlson Capital  
2100 McKinney Avenue  
Dallas, TX 75201  
(214) 932-9600

with a copy to  
Peter Halasz  
David E. Rosewater  
Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, New York 10022

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

August 10, 2010  
(Date of Event which Requires  
Filing of this Schedule)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box. [ ]

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

(Page 1 of 9 Pages)

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\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 62856H107

SCHEDULE 13D/A

Page 2 of 9 Pages

1 NAME OF REPORTING PERSON  
Double Black Diamond Offshore Ltd.

2 CHECK THE APPROPRIATE BOX IF A (a) "  
MEMBER OF A GROUP\* (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL " "  
PROCEEDING IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Cayman Islands

NUMBER OF	7	SOLE VOTING POWER
SHARES		3,487,661
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		-0-
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		3,487,661
PERSON WITH	10	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
3,487,661

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES " "  
CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)  
7.6%

14 TYPE OF REPORTING PERSON\*  
CO

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1 NAME OF REPORTING PERSON  
Black Diamond Offshore Ltd.

2 CHECK THE APPROPRIATE BOX IF A (a) "  
MEMBER OF A GROUP\* (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL " "  
PROCEEDING IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Cayman Islands

NUMBER OF	7	SOLE VOTING POWER
SHARES		178,767
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		-0-
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		178,767
PERSON WITH	10	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
178,767

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES " "  
CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)  
0.4%

14 TYPE OF REPORTING PERSON\*  
CO

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1 NAME OF REPORTING PERSON  
 Black Diamond Relative Value Offshore Ltd.

2 CHECK THE APPROPRIATE BOX IF A (a) "  
 MEMBER OF A GROUP\* (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
 WC

5 CHECK BOX IF DISCLOSURE OF LEGAL " "  
 PROCEEDING IS REQUIRED PURSUANT TO  
 ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
 Cayman Islands

7	NUMBER OF	SOLE VOTING POWER
	SHARES	1,706,783
8	BENEFICIALLY	SHARED VOTING POWER
	OWNED BY	-0-
9	EACH	SOLE DISPOSITIVE POWER
	REPORTING	1,706,783
10	PERSON WITH	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
 1,706,783

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES " "  
 CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)  
 3.7%

14 TYPE OF REPORTING PERSON\*  
 CO

CUSIP No. 62856H107

SCHEDULE 13D/A

Page 5 of 9 Pages

1 NAME OF REPORTING PERSON  
Carlson Capital, L.P.

2 CHECK THE APPROPRIATE BOX IF A (a) "  
MEMBER OF A GROUP\* (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL " "  
PROCEEDING IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

7	NUMBER OF	SOLE VOTING POWER
	SHARES	5,605,818
8	BENEFICIALLY	SHARED VOTING POWER
	OWNED BY	-0-
9	EACH	SOLE DISPOSITIVE POWER
	REPORTING	5,605,818
10	PERSON WITH	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
5,605,818

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES " "  
CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)  
12.3%

14 TYPE OF REPORTING PERSON\*  
PN

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1 NAME OF REPORTING PERSON  
 Asgard Investment Corp.

2 CHECK THE APPROPRIATE BOX IF A (a) "  
 MEMBER OF A GROUP\* (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
 AF

5 CHECK BOX IF DISCLOSURE OF LEGAL " "  
 PROCEEDING IS REQUIRED PURSUANT  
 TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
 Delaware

NUMBER OF	7	SOLE VOTING POWER
SHARES		5,605,818
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		-0-
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		5,605,818
PERSON WITH	10	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
 5,605,818

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES " "  
 CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)  
 12.3%

14 TYPE OF REPORTING PERSON\*  
 CO

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CUSIP No. 62856H107

SCHEDULE 13D/A

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1 NAME OF REPORTING PERSON  
Clint D. Carlson

2 CHECK THE APPROPRIATE BOX IF A (a) "  
MEMBER OF A GROUP\* (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL " "  
PROCEEDING IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
USA

7	NUMBER OF SHARES	SOLE VOTING POWER
		5,605,818
8	BENEFICIALLY	SHARED VOTING POWER
		-0-
9	OWNED BY EACH	SOLE DISPOSITIVE POWER
		5,605,818
10	REPORTING PERSON WITH	SHARED DISPOSITIVE POWER
		-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
5,605,818

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES " "  
CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)  
12.3%

14 TYPE OF REPORTING PERSON\*  
IN

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The Schedule 13D filed on August 25, 2008, as amended by Amendment No. 1 filed on September 9, 2008, Amendment No. 2 filed on September 25, 2008, Amendment No. 3 filed on October 8, 2008, Amendment No. 4 filed on October 31, 2008 and Amendment No. 5 filed on May 26, 2009 (the "Schedule 13D") by Double Black Diamond Offshore Ltd., a Cayman Islands exempted company, Black Diamond Offshore Ltd., a Cayman Islands exempted company, Black Diamond Relative Value Offshore Ltd., a Cayman Islands exempted company, Carlson Capital, L.P., a Delaware limited partnership, Asgard Investment Corp., a Delaware corporation and Clint D. Carlson (together, the "Reporting Persons"), relating to the shares ("Shares") of common stock, par value \$0.0001 per share, of Cano Petroleum, Inc. (the "Issuer"), is hereby amended as set forth below by this Amendment No. 6 to the Schedule 13D.

Item 4. PURPOSE OF TRANSACTION.

Item 4 of the Schedule 13D is hereby amended and restated as follows:

The Reporting Persons originally acquired the Shares for investment in the ordinary course of business because they believed that the Shares, when purchased, were undervalued and represented an attractive investment opportunity.

On May 26, 2009, Steven J. Pully, an employee of Carlson Capital, L.P., was appointed to the Board of Directors of the Issuer. The appointment was previously disclosed in the Reporting Persons' Amendment No. 5 to the Schedule 13D filed by on June 1, 2009 and is incorporated by reference.

On August 6, 2010, Mr. Pully delivered a letter of resignation to Jeff Johnson, Chief Executive Officer of the Issuer, resigning from the board of directors of the Issuer. Mr. Pully's resignation was effective immediately.

A copy of the related letter of resignation dated August 6, 2010 announcing Mr. Pully's resignation is attached hereto as Exhibit 2 and is incorporated herein by reference.

Except as set forth herein, the Reporting Persons have no present plan or proposal that would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D. The Reporting Persons intend to review their investments in the Issuer on a continuing basis and, depending on various factors including, without limitation, the Issuer's financial position and strategic direction, actions taken by the Board, price levels of the Shares, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investments in the Issuer as they deem appropriate, including, without limitation, selling some of the Shares, purchasing additional Shares, engaging in short selling of or any hedging or similar transactions with respect to the Shares and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

Item 7. MATERIAL TO BE FILED AS EXHIBITS.

Item 7 of the Schedule 13 is hereby amended and supplemented as follows:

Exhibit 2: Resignation Letter of Steven J. Pully, dated August 6,



SIGNATURES

After reasonable inquiry and to the best of his or its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: August 10, 2010

BLACK DIAMOND OFFSHORE LTD.

By: Carlson Capital, L.P.,  
its investment manager

By: Asgard Investment Corp.,  
its general partner

By: /s/ Clint D. Carlson  
Name: Clint D. Carlson  
Title: President

DOUBLE BLACK DIAMOND OFFSHORE LTD.

By: Carlson Capital, L.P.,  
its investment manager

By: Asgard Investment Corp.,  
its general partner

By: /s/ Clint D. Carlson  
Name: Clint D. Carlson  
Title: President

BLACK DIAMOND RELATIVE VALUE OFFSHORE LTD.

By: Carlson Capital, L.P.,  
its investment manager

By: Asgard Investment Corp.,  
its general partner

By: /s/ Clint D. Carlson  
Name: Clint D. Carlson  
Title: President

CARLSON CAPITAL, L.P.

By: Carlson Capital, L.P.,

its investment manager

By: Asgard Investment Corp.,  
its general partner

By: /s/ Clint D. Carlson  
Name: Clint D. Carlson  
Title: President

ASGARD INVESTMENT CORP.

By: Carlson Capital, L.P.,  
its investment manager

By: /s/ Clint D. Carlson  
Name: Clint D. Carlson  
Title: President

/s/ Clint D. Carlson  
Clint D. Carlson

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EXHIBIT 2

RESIGNATION LETTER

STEVEN J. PULLY

4564 Meadowood Road  
Dallas, Texas 75220

August 6, 2010

Jeff Johnson  
Chief Executive Officer  
Cano Petroleum Inc.  
801 Cherry Street, Suite 3200  
Fort Worth, Texas 767102

Dear Jeff,

I hereby resign from the board of directors of Cano Petroleum, effective immediately. It has been a pleasure serving on the board.

Regards,

/s/ Steven J. Pully  
Steven J. Pully