

CANO PETROLEUM, INC
Form SC 13D/A
December 09, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 10)

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, L.P.
2100 McKinney Avenue, Suite 1800
Dallas, TX 75201
(214) 932-9600

with a copy to
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)

December 7, 2011
(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)

* 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).

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

7	NUMBER OF	SOLE VOTING POWER
	SHARES	1,119,869
8	BENEFICIALLY	SHARED VOTING POWER
	OWNED BY	0
9	EACH	SOLE DISPOSITIVE POWER
	REPORTING	1,119,869
10	PERSON WITH	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
 1,119,869

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)
 2.5%

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

7	NUMBER OF SHARES	SOLE VOTING POWER
		57,403
8	BENEFICIALLY	SHARED VOTING POWER
		0
9	OWNED BY EACH	SOLE DISPOSITIVE POWER
		57,403
10	REPORTING PERSON WITH	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
57,403

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)
0.1%

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	SOLE VOTING POWER
	NUMBER OF	548,040
	SHARES	
	8	SHARED VOTING POWER
BENEFICIALLY		0
OWNED BY	9	SOLE DISPOSITIVE POWER
EACH		548,040
REPORTING	10	SHARED DISPOSITIVE POWER
PERSON WITH		0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON	
	548,040	
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)	
	1.2%	
14	TYPE OF REPORTING PERSON*	
	CO	

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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 SHARES	SOLE VOTING POWER
		1,800,000
8	BENEFICIALLY	SHARED VOTING POWER
		0
9	OWNED BY EACH	SOLE DISPOSITIVE POWER
		1,800,000
10	REPORTING PERSON WITH	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
1,800,000

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)
4.0%

14 TYPE OF REPORTING PERSON*
PN

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1 NAME OF REPORTING PERSON
 Asgard Investment Corp. II

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	1,800,000
8	BENEFICIALLY	SHARED VOTING POWER
		0
9	OWNED BY	SOLE DISPOSITIVE POWER
	EACH	1,800,000
10	REPORTING	SHARED DISPOSITIVE POWER
	PERSON WITH	0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
 1,800,000

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)
 4.0%

14 TYPE OF REPORTING PERSON*
 CO

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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

7	NUMBER OF	SOLE VOTING POWER
	SHARES	1,800,000
8	BENEFICIALLY	SHARED VOTING POWER
	OWNED BY	0
9	EACH	SOLE DISPOSITIVE POWER
	REPORTING	1,800,000
10	PERSON WITH	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
1,800,000

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)
4.0%

14 TYPE OF REPORTING PERSON*
CO

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1	NAME OF REPORTING PERSON	
	Clint D. Carlson	
2	CHECK THE APPROPRIATE BOX IF A	(a) <input type="checkbox"/>
	MEMBER OF A GROUP*	(b) <input type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS*	
	AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL	<input type="checkbox"/>
	PROCEEDING IS REQUIRED PURSUANT TO	
	ITEMS 2(d) or 2(e)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	USA	
	7	SOLE VOTING POWER
		0
	8	SHARED VOTING POWER
		1,800,000
	9	SOLE DISPOSITIVE POWER
		0
	10	SHARED DISPOSITIVE POWER
		1,800,000
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON	
	1,800,000	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES	<input type="checkbox"/>
	CERTAIN SHARES*	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (see Item 5)	
	4.0%	
14	TYPE OF REPORTING PERSON*	
	IN	

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, Amendment No. 5 filed on May 26, 2009, Amendment No. 6 filed on August 11, 2010, Amendment No. 7 filed on October 20, 2010, Amendment No. 8 filed on March 4, 2011 and Amendment No. 9 filed on December 7, 2011 (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. II, a Delaware corporation, 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. 10 to the Schedule 13D. This Amendment constitutes an "exit filing" with respect to the Schedule 13D for the Reporting Persons..

Item 3. Source and Amount of Funds or other Consideration

Item 3 of the Schedule 13D is hereby amended and supplemented by the addition of the following:

A total of approximately \$1,983,789.12 was used by the Reporting Persons to acquire the Shares reported herein.

Item 5. Interest in Securities of the Issuer

Paragraphs (a), (b) and (c) of Item 5 of the Schedule 13D are hereby amended and restated as follows:

(a) As of the close of business on December 7, 2011, the Reporting Persons beneficially owned an aggregate of 1,800,000 Shares, constituting approximately 4.0% of the Shares outstanding.

The aggregate percentage of Shares beneficially owned by the Reporting Persons is based upon 45,057,992 Shares outstanding, which is the total number of Shares issued and outstanding as of October 27, 2011 as reported by the Issuer on its Form 10-K/A for the fiscal year ended June 30, 2011, filed on October 28, 2011.

(b) Carlson Capital, Asgard II, Asgard and Mr. Carlson have the power to vote and direct the disposition of (i) the 57,403 Shares reported herein as owned by Offshore Ltd., (ii) the 1,119,869 Shares reported herein as owned by Double Offshore Ltd., (iii) the 548,040 Shares reported herein as owned by Relative Value Offshore Ltd., and (iv) an additional 74,688 Shares held in the Account.

(c) Information concerning transactions in the Shares effected by the Reporting Persons in the past sixty days is set forth in Appendix A hereto and is incorporated herein by reference.

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: December 9, 2011

BLACK DIAMOND OFFSHORE LTD.

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

By: Asgard Investment Corp. II,
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. II,
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. II,
its general partner

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

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CARLSON CAPITAL, L.P.

By: Asgard Investment Corp. II,
its general partner

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

ASGARD INVESTMENT CORP. II

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

ASGARD INVESTMENT CORP.

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

/s/ Clint D. Carlson
Clint D. Carlson

APPENDIX A

TRANSACTIONS IN THE ISSUER'S SHARES OF COMMON STOCK BY THE
REPORTING PERSONS IN THE PAST SIXTY (60) DAYS

The following tables set forth all transactions in the shares of Common Stock of the Issuer effected in the past sixty (60) days by each of the Reporting Persons, as applicable. Unless otherwise noted, all such transactions were effected in private transactions.

Black Diamond Relative Value Offshore Ltd.

	Trade Date	Amount Purchased (Sold)	Price per Share (\$)
	12/02/11	(31)	\$0.19
12/02/11		(265,646)	\$0.1908
12/06/11		(98,617)	\$0.1285
12/07/11		(224,118)	\$0.1494

Double Black Diamond Offshore Ltd.

	Trade Date	Amount Purchased (Sold)	Price per Share (\$)
	12/02/11	(62)	\$0.19
	12/02/11	(542,824)	\$0.1908
12/06/11		(201,514)	\$0.1285
12/17/11		(457,964)	\$0.1494

Black Diamond Offshore Ltd.

	Trade Date	Amount Purchased (Sold)	Price per Share (\$)
	12/02/11	(3)	\$0.19
	12/02/11	(27,824)	\$0.1908
12/06/11		(10,329)	\$0.1285
12/07/11		(23,474)	\$0.1494

Carlson Capital on behalf of the Account

	Trade Date	Amount Purchased (Sold)	Price per Share (\$)
	12/02/11	(4)	\$0.19
	12/02/11	(36,204)	\$0.1908
12/06/11		(13,440)	\$0.1285
12/07/11		(30,544)	\$0.1494