

B1 (Official Form 1)(4/10)

United States Bankruptcy Court Northern District of Texas		Voluntary Petition
Name of Debtor (if individual, enter Last, First, Middle): Cano Petroleum, Inc.		Name of Joint Debtor (Spouse) (Last, First, Middle):
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): FDBA Huron Ventures, Inc.		All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) 77-0635673		Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all)
Street Address of Debtor (No. and Street, City, and State): 6500 N. Belt Line Road, Suite 200 Irving, TX		Street Address of Joint Debtor (No. and Street, City, and State):
ZIP Code 75063		ZIP Code
County of Residence or of the Principal Place of Business: Dallas		County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):		Mailing Address of Joint Debtor (if different from street address):
ZIP Code		ZIP Code
Location of Principal Assets of Business Debtor (if different from street address above): Texas, New Mexico, Oklahoma		
Type of Debtor (Form of Organization) (Check one box) <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.)	Nature of Business (Check one box) <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other <hr/> Tax-Exempt Entity (Check box, if applicable) <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).	Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box) <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding Nature of Debts (Check one box) <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.
Filing Fee (Check one box) <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.		Chapter 11 Debtors Check one box: <input type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input checked="" type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). Check if: <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 (amount subject to adjustment on 4/01/13 and every three years thereafter). Check all applicable boxes: <input checked="" type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
Statistical/Administrative Information <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.		THIS SPACE IS FOR COURT USE ONLY
Estimated Number of Creditors <input type="checkbox"/> 1-49 <input type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input checked="" type="checkbox"/> 200-999 <input type="checkbox"/> 1,000-5,000 <input type="checkbox"/> 5,001-10,000 <input type="checkbox"/> 10,001-25,000 <input type="checkbox"/> 25,001-50,000 <input type="checkbox"/> 50,001-100,000 <input type="checkbox"/> OVER 100,000		
Estimated Assets <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input checked="" type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion		
Estimated Liabilities <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input checked="" type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion		

Voluntary Petition <i>(This page must be completed and filed in every case)</i>	Name of Debtor(s): Cano Petroleum, Inc.
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All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet)

Location Where Filed: - None -	Case Number:	Date Filed:
Location Where Filed:	Case Number:	Date Filed:

Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet)

Name of Debtor: - None -	Case Number:	Date Filed:
District:	Relationship:	Judge:

<p style="text-align: center;">Exhibit A</p> <p>(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)</p> <p><input checked="" type="checkbox"/> Exhibit A is attached and made a part of this petition.</p>	<p style="text-align: center;">Exhibit B</p> <p>(To be completed if debtor is an individual whose debts are primarily consumer debts.)</p> <p>I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).</p> <p><input checked="" type="checkbox"/> _____ Signature of Attorney for Debtor(s) (Date)</p>
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Exhibit C

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

Yes, and Exhibit C is attached and made a part of this petition.

No.

Exhibit D

(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)

Exhibit D completed and signed by the debtor is attached and made a part of this petition.

If this is a joint petition:

Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.

Information Regarding the Debtor - Venue

(Check any applicable box)

Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

Certification by a Debtor Who Resides as a Tenant of Residential Property

(Check all applicable boxes)

Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

(Name of landlord that obtained judgment)

(Address of landlord)

Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and

Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.

Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).

Voluntary Petition
(This page must be completed and filed in every case)

Name of Debtor(s):
Cano Petroleum, Inc.

Signatures

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.
[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.
[If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

Telephone Number (If not represented by attorney)

Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X _____
Signature of Foreign Representative

Printed Name of Foreign Representative

Date

Signature of Attorney*

X /s/ David M. Bennett
Signature of Attorney for Debtor(s)

David M. Bennett 02139600
Printed Name of Attorney for Debtor(s)

Thompson & Knight LLP
Firm Name

1722 Routh Street
Suite 1500
Dallas, TX 75201

Address

214-969-1700 Fax: 214-969-1751
Telephone Number

March 7, 2012
Date

*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

Signature of Non-Attorney Bankruptcy Petition Preparer

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

Printed Name and title, if any, of Bankruptcy Petition Preparer

Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.)(Required by 11 U.S.C. § 110.)

Address

X _____
Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X /s/ James R. Latimer, III
Signature of Authorized Individual

James R. Latimer, III
Printed Name of Authorized Individual

Chief Executive Officer
Title of Authorized Individual

March 7, 2012
Date

CANO PETROLEUM, INC.

**UNANIMOUS WRITTEN CONSENT OF THE
BOARD OF DIRECTORS
IN LIEU OF SPECIAL MEETING**

The undersigned, being all of the members of the Board of Directors (the “**Board**”) of Cano Petroleum, Inc., a Delaware corporation (the “**Company**”), and being all of the persons who would be entitled to vote on the following matters if a special meeting of the Board of the Company were held for such purpose, do hereby waive any and all requirements for calling, giving notice of and holding a special meeting of the Board of the Company and consent, pursuant to Section 141(f) of the General Corporation Law of the State of Delaware, to the adoption of the following resolutions:

WHEREAS, it has been proposed that the Company enter into a Stock Purchase Agreement (the “**Stalking Horse Purchase Agreement**”) by and among the Company, and each of Cano Petro of New Mexico, Inc., a Texas corporation, Ladder Companies, Inc., a Delaware corporation, Square One Energy, Inc., a Texas corporation, Tri-Flow, Inc., an Oklahoma corporation, W.O. Energy of Nevada, Inc., a Nevada corporation, WO Energy, Inc., a Texas corporation, W.O. Operating Company, Ltd., a Texas limited partnership, and W.O. Production Company, Ltd., a Texas limited partnership, NBI Services, Inc. or its assignee affiliate, an Oklahoma corporation (the “**Stalking Horse**”), which provides for, among other things, a process pursuant to which the Stalking Horse intends to purchase of all of the issued and outstanding capital stock and other equity interests of the Reorganized Cano (as defined in the Stalking Horse Purchase Agreement) (the “**Cano Equity**”);

WHEREAS, in connection with the Stalking Horse Purchase Agreement, it is proposed that the Company (and its direct and indirect subsidiaries) (the “**Cano Entities**”) (i) file voluntary petitions (the “**Petitions**”) for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Northern District of Texas, or such other court as the Company or an appropriate officer of the Company shall determine to be appropriate (the “**Bankruptcy Court**”) and (ii) file, and seek confirmation of, a plan of reorganization (the “**Plan**”) in the form presented to and discussed with the Board;

WHEREAS, the Plan contemplates, among other things, that, subject to approval of the Bankruptcy Court, an auction may be conducted by the Bankruptcy Court in accordance with proposed bid procedures for the Cano Equity (or, alternatively, substantially all of the assets of the Cano Entities) (the “**Bid Procedures**”) pursuant to which the Stalking Horse or another bidder that has submitted a qualified bid (in accordance with, and subject to the terms and conditions of, such bid procedures) may be selected as the successful bidder (the “**Successful Bidder**”) to purchase the Cano Equity (or substantially all of the assets of the Cano Entities, as the case may be) (the sale of the Cano Equity to the Successful Bidder, the “**Sale Transaction**”); and

WHEREAS, the Board has evaluated the Company’s capital alternatives in connection with a possible restructuring and has determined that it is in the best interests of the Company, its creditors, employees and other interested parties that, the Company: (i) execute and deliver the

Stalking Horse Purchase Agreement, (ii) file the Petitions in the Bankruptcy Court (iii) seek Bankruptcy Court approval for the Bid Procedures (iv) file, and seek confirmation of, the Plan, (v) execute, deliver and/or file such other motions, pleadings and other documents related to the Petitions, Plan, and Stalking Horse Purchase Agreement as may be necessary to obtain Bankruptcy Court approval of, and to consummate, the transactions contemplated thereby.

Relating to Approval of the Stalking Horse Purchase Agreement

NOW, THEREFORE, BE IT RESOLVED, that the Board deems the Stalking Horse Purchase Agreement and the transactions contemplated therein advisable and in the best interests of the Company, its creditors, employees and other interested parties.

RESOLVED FURTHER, that the form, terms and provisions of the Stalking Horse Purchase Agreement, substantially in the form presented to and discussed with the Board, and the transactions contemplated therein are authorized, approved and adopted in all respects.

RESOLVED FURTHER, that each of the officers of the Company, including the Chief Executive Officer, the Chief Financial Officer, any president, any executive vice-president, any senior vice-president, any vice-president, any manager, any secretary, any assistant secretary, and any treasurer (each, a “**Designated Officer**”) is authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver the Stalking Horse Purchase Agreement,

RESOLVED FURTHER, that each of the Designated Officers is authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver each of the documents entered into pursuant to or in connection with the Stalking Horse Purchase Agreement and the transactions contemplated therein, in such form as such Designated Officers may approve.

Relating to the Petitions and the Bid Procedures

RESOLVED FURTHER, that the Company is hereby authorized to file the Petitions for relief under the Bankruptcy Code, in the Bankruptcy Court, and perform any and all such acts as are reasonable, advisable, expedient, convenient, proper or necessary to affect any of the foregoing.

RESOLVED FURTHER, that each of the Designated Officers, is hereby authorized, directed and empowered on behalf of, and in the name of the Company to: (a) execute, acknowledge, deliver, and verify the Petitions and all other ancillary documents, and cause the Petitions to be filed with the Bankruptcy Court and make or cause to be made before execution thereof any modifications to the Petitions or ancillary documents as any such Designated Officer, in such officer’s discretion, deems necessary or desirable to carry out the intent and accomplish the purpose of these resolutions (such approval to be conclusively established by the execution thereof by such Designated Officer); (b) execute, acknowledge, deliver, verify and file or cause to be filed all petitions, schedules, statements, lists, motions, applications, and other papers or documents necessary or desirable in connection with the foregoing; (c) execute, acknowledge,

deliver, and verify any and all other documents necessary or appropriate in connection therewith or to administer the Company's chapter 11 case in such forum or forums as any such Designated Officer may approve; and (d) take any action consistent with these resolutions, including the filing of applications or motions in connection with the retention of professionals and the incurrence of debt.

RESOLVED FURTHER, that each of the Designated Officers is hereby authorized, directed and empowered to retain, on behalf of the Company, Thompson & Knight LLP and such other professionals, including attorneys, accountants, financial advisors, investment bankers, actuaries, consultants, noticing agents, or brokers, in the case as in such Designated Officer's or Designated Officers' judgment may be necessary in connection with the Company's chapter 11 case and other related matters, on such terms as such officer or officers shall approve.

RESOLVED FURTHER, that the law firm Thompson & Knight LLP and any additional special counsel selected by a Designated Officer, if any, are hereby authorized, empowered and directed to represent the Company, as debtor and debtor-in-possession, in connection with any chapter 11 case commenced by or against it under the Bankruptcy Code.

RESOLVED FURTHER, that the Company, as debtor, and debtor-in-possession under chapter 11 of the Bankruptcy Code, is hereby authorized to (a) enter into a debtor-in-possession financing facility, exit facility, and agreement regarding the use of cash collateral and any associated documents, or otherwise obtain Bankruptcy Court authority to use cash collateral, and consummate the transactions contemplated therein or thereby (collectively, the "**Financing Transactions**") with such lenders on such terms as may be approved by any one or more of the Designated Officers, as may be reasonably necessary for the continuing conduct of the affairs of the Company; and (b) pay related fees and grant security interests in and liens upon some, all or substantially all of the Company's assets, as may be necessary in connection with the Financing Transactions.

RESOLVED FURTHER, that (a) each of the Designated Officers is hereby authorized, directed, and empowered in the name of, and on behalf of the Company, as debtor and debtor-in-possession, to take such actions and execute, acknowledge, deliver, and verify such agreements, certificates, instruments, guarantees, notices and any and all documents as the Designated Officers may deem necessary or appropriate to facilitate the Financing Transactions (collectively, the "**Financing Documents**"); (b) the Financing Documents containing such provisions, terms, conditions, covenants, warranties and representations as may be deemed necessary or appropriate by the Designated Officers are hereby approved; and (c) the actions of any Designated Officer taken pursuant to this resolution, including the execution and delivery of all agreements, certificates, instruments, guarantees, notices and other documents, shall be conclusive evidence of the approval thereof by such officer, and by the Company.

RESOLVED FURTHER, that (a) each of the Designated Officers is hereby authorized, directed, and empowered in the name of, and on behalf of the Company, as debtor and debtor-in-possession, to file and seek Bankruptcy Court approval of the Bid Procedures.

RESOLVED FURTHER, that, in addition to the specific authorizations heretofore conferred upon the Designated Officers, each of the Designated Officers and their designee is hereby authorized, directed and empowered, in the name of, and on behalf of, the Company to take or cause to be taken any and all such further actions to execute, acknowledge, deliver, and verify any and all such agreements, certificates, instruments, amendments, and other documents and to pay all expenses, including filing fees in the case, as in such Designated Officer's or Designated Officers' judgment shall be necessary or desirable to fully carry out the intent and accomplish the purpose of the resolutions adopted herein.

Relating to Filing the Plan

RESOLVED FURTHER, that the terms and provisions of the Plan, substantially in the form presented to and discussed with the Board, the performance of the Company's obligations thereunder and the Sale Transaction are both, subject Bankruptcy Court approval, authorized and approved.

RESOLVED FURTHER, that each of the Designated Officers is authorized, empowered and directed, in the name and on behalf of the Company, to execute and file the Plan and seek Bankruptcy Court approval thereof.

RESOLVED FURTHER, that each of the Designated Officers is authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver each of the documents entered into pursuant to or in connection with the Plan and the Sale Transaction, in such form as such Designated Officers may approve

Relating to Further Authorization and Ratification

RESOLVED FURTHER, that the Designated Officers of the Company are hereby authorized and empowered to take or cause to be taken all such action and to sign, execute, acknowledge, certify, deliver, accept, record and file all such certificates, agreements, acknowledgements, instruments, contracts, statements and other documents and to take such further actions in the name and on behalf of the Company as in such Designated Officer's judgment shall be necessary, desirable or advisable in order to carry out the intent, and to accomplish the purposes, of the foregoing resolutions.

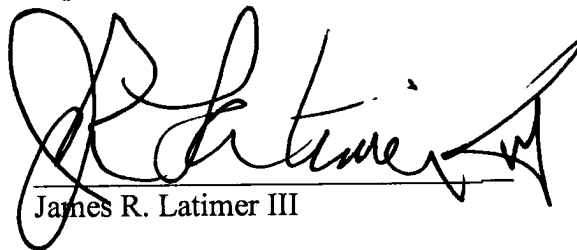
RESOLVED FURTHER, that each of the Designated Officers is authorized, empowered and directed, in the name and on behalf of the Company, to make such modifications to, additions to, deletions from or changes to the above referenced documents and documents related to the above referenced transactions (the "**Documents**") as such Designated Officer may deem necessary, advisable or appropriate and in the best interests of the Company, the execution and delivery of the Documents by such Designated Officer to evidence conclusively the authorization and approval by the Board of the Documents with such changes.

RESOLVED FURTHER, that all lawful actions heretofore taken by the Designated Officers of the Company with respect to the matters covered by the foregoing resolutions are hereby ratified, confirmed and approved in all respects.

RESOLVED FURTHER, that the secretary and any assistant secretary of the Company, are hereby authorized to certify and deliver, to any person to whom such certification and delivery may be necessary or appropriate in the opinion of such secretary or assistant secretary, a true copy of the foregoing resolutions.

[Signature pages to follow]

IN WITNESS WHEREOF, each of the undersigned has caused this consent to be executed as of the 1st day of March, 2012.



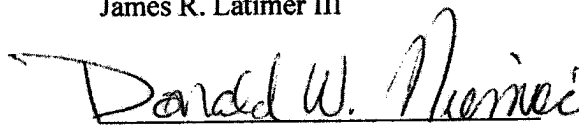
James R. Latimer III

Donald W. Niemiec

M. Garrett Smith

IN WITNESS WHEREOF, each of the undersigned has caused this consent to be executed as of the 1st day of March, 2012.

James R. Latimer III



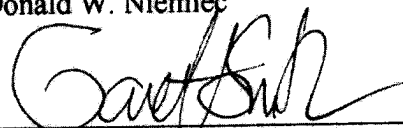
Donald W. Niemiec

M. Garrett Smith

IN WITNESS WHEREOF, each of the undersigned has caused this consent to be executed as of the 1st day of March, 2012.

James R. Latimer III

Donald W. Niemiec

A handwritten signature in black ink, appearing to read "Garrett Smith", written over a horizontal line.

M. Garrett Smith

B 1A (Official Form 1, Exhibit A) (9/97)

[If debtor is required to file periodic reports (e.g. forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11 of the Bankruptcy Code, this Exhibit "A" shall be completed and attached to the petition.]

**United States Bankruptcy Court
Northern District of Texas**

In re **Cano Petroleum, Inc.** Debtor(s) Case No. _____ Chapter **11**

EXHIBIT "A" TO VOLUNTARY PETITION

1. If any of the debtor's securities are registered under Section 12 of the Securities Exchange Act of 1934, the SEC file number is **001-32496**.

2. The following financial data is the latest available information and refers to the debtor's condition on **September 30, 2011**.

a. Total assets		\$	<u>63,369,000.00</u>					
b. Total debts (including debts listed in 2.c., below)		\$	<u>116,257,000.00</u>					
c. Debt securities held by more than 500 holders:				Approximate number of holders:				
secured	<input type="checkbox"/>	unsecured	<input type="checkbox"/>	subordinated	<input type="checkbox"/>	\$	<u>0.00</u>	<u>0</u>
secured	<input type="checkbox"/>	unsecured	<input type="checkbox"/>	subordinated	<input type="checkbox"/>	\$	<u>0.00</u>	<u>0</u>
secured	<input type="checkbox"/>	unsecured	<input type="checkbox"/>	subordinated	<input type="checkbox"/>	\$	<u>0.00</u>	<u>0</u>
secured	<input type="checkbox"/>	unsecured	<input type="checkbox"/>	subordinated	<input type="checkbox"/>	\$	<u>0.00</u>	<u>0</u>
secured	<input type="checkbox"/>	unsecured	<input type="checkbox"/>	subordinated	<input type="checkbox"/>	\$	<u>0.00</u>	<u>0</u>
d. Number of shares of preferred stock			<u>23,849</u>				<u>23</u>	
e. Number of shares common stock			<u>47,057,992</u>				<u>99</u>	

Comments, if any:

3. Brief description of Debtor's business:
Cano Petroleum, Inc. is an independent oil and natural gas company with assets located onshore in the U.S. in Texas, New Mexico, and Oklahoma. Cano was organized as a corporation under the laws of the State of Delaware in May 2003.

4. List the name of any person who directly or indirectly owns, controls, or holds, with power to vote, 5% or more of the voting securities of debtor:
**D.E. Shaw Laminar Portfolios, L.L.C.
Investcorp Interlachen Multi-Strategy Master Fund Limited
Kellogg Capital Group LLC
Fidelity Clearing Canada ULC
William Herbert Hunt Trust Estate
Radcliffe Capital Management LP
O'Connor Global Multi-Strategy Alpha Master Limited**