

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

PROOF OF CLAIM

POC ID: 3712


Indicate Debtor against which you assert a claim by checking the appropriate box. (Check only one Debtor per claim form.)

- Cano Petroleum, Inc. (Case No. 12-31549)
- Cano Petro of New Mexico (Case No. 12-31550)
- Ladder Companies, Inc. (Case No. 12-31551)
- Square One Energy, Inc. (Case No. 12-31552)
- Tri-Flow, Inc. (Case No. 12-31553)
- W.O. Energy of Nevada, Inc (Case No. 12-31554)
- W.O. Operating Company, Ltd. (Case No. 12-31556)
- W.O. Production Company, Ltd. (Case No. 12-31557)
- WO Energy, Inc. (Case No. 12-31555)

NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property) :

Name and address where notices should be sent:



29747776003712

SUSAN GRIM MONTGOMERY
19021 AVE 300
EXETER, CA 93221

RECEIVED
APR 13 2012
BMC GROUP

If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.
THIS SPACE IS FOR COURT USE ONLY

Creditor Telephone Number () email:

Name and address where payment should be sent (if different from above):

Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Payment Telephone Number () email:

Check this box to indicate that this claim amends a previously filed claim.

Court Claim Number (if known): _____

Filed on: _____

1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ _____

If all or part of your claim is secured, complete item 4.
If all or part of your claim is entitled to priority, complete item 5.

Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. BASIS FOR CLAIM: _____
(See instruction #2)

3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: _____

3a. Debtor may have scheduled account as: _____
(See instruction #3a)

3b. Uniform Claim Identifier (optional): _____
(See instruction #3b)

4. SECURED CLAIM: (See instruction #4)

Check the appropriate box if your claim is secured by a lien on property or a right of set off, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff:
Describe:
 Real Estate Motor Vehicle Other _____

Value of Property: \$ _____

Annual Interest Rate: _____ % Fixed or Variable
(when case was filed)

Amount of arrearage and other charges, as of time case filed, included in secured claim, if any: \$ _____

Basis for Perfection: _____

Amount of Secured Claim: \$ _____

Amount Unsecured: \$ _____

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

Amount entitled to priority: \$ _____

You MUST specify the priority of the claim:

- Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).
- Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
- Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use -11 U.S.C. § 507(a)(7).
- Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).
- Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).
- Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (_____).

* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

CANO PETROLEUM

00032

6. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

7. DOCUMENTS: Attached are redacted copies of documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and definition of "redacted").

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

DATE-STAMPED COPY To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before 5:00 pm, prevailing Central Time on May 7, 2012 for All Entities and Persons including Governmental Units.

BY MAIL TO:

BMC Group, Inc.
Attn: Cano Petroleum, Inc. Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020

BY MESSENGER OR OVERNIGHT DELIVERY TO:

BMC Group, Inc.
Attn: Cano Petroleum, Inc. Claims Processing
18675 Lake Drive East
Chanhassen, MN 55317

***You are encouraged to E-File your proof of claim directly by logging onto <http://www.bmcgroup.com/Cano/ClaimFiling>**

8. SIGNATURE: (See instruction #8)

Check the appropriate box.

- I am the creditor. I am the creditor's authorized agent.
(Attach copy of power of attorney, if any.) I am the trustee, or the debtor,
or their authorized agent. I am a guarantor, surety, indorser, or other codebtor.
(See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: _____

Title: _____

Company: _____

Address and telephone number (if different from notice address above):

(Signature)

(Date)

Telephone number: _____ email: _____

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

*I have no way knowing what they
Owe Me.*

*Susan Brim Montgomery
19021 Ave. 300
Cretex, Co. 93221*

4-9-2012

Division Order

To: Square One Energy, Inc.
P O Box 98
Desdemona, TX 76445

COPY
Effective 7 a.m. October 7, 2003

The undersigned, and each of them, certify, guarantee and warrant that they are the legal owners of the interest set out below opposite their name in the oil produced from and in the proceeds of the gas sold from or used off the lease owned by you or allocated to the land described in said lease which is included in whole or in part in the lease or unit described as follows:

DESDEMONA FIELD UNIT covering 7,273 acres, more or less, in Eastland, Erath and Comanche Counties, Texas, more particularly described in that certain Unit agreement dated July 1, 1986, recorded in Volume 1089, pages 1-72 of the Deed Records of Eastland County, Texas, Volume 51, pages 202-272 of the Oil & Gas Records of Erath County, Texas, and Volume 616, pages 43-115 of the Deed Records of Comanche County, Texas.

OWNER 05460	Susan Grim Montgomery 19021 Ave 300 Exeter, CA 93221	DIVISION OF INTEREST 0.0000014983% - OIL 0.0000014983% - GAS
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Square One Energy, Inc., hereinafter called "SOE", may pay to the parties as set out above for all oil and for all gas produced and saved from said property under said lease as follows:

- 1.) SOE is authorized for its own account to receive such oil into its possession or to deliver same to any party designated by it, the oil so received to be run and measured in accordance with applicable pipeline rules and regulations, including those of the governmental agency having recognized jurisdiction over or control of the production and handling of crude oil in such area.
- 2.) The oil run hereunder shall, on the terms herein stated, become SOE property immediately upon being received into SOE's possession or the possession of SOE's designated buyer, and SOE agrees to received the oil run hereunder and, subject to the further provisions hereof, to pay the respective owners therefore according to the division of interest herein indicated, either at the posted per barrel (42 gallons) field price for crude of the same grade and gravity prevailing for the field where produced on the date of each respective run, or, if the oil is purchased by a buyer, the price to be paid shall be the same price received by SOE from such buyer, and, in the absence of a pipeline connection, all prices are subject to deduction of barging or trucking costs and the applicable transportation tax thereon.
- 3.) In making settlements for the interest of the parties hereto in the proceeds from the sale of gas, SOE is authorized to use the net proceeds received by SOE at whatever point the gas is sold, based upon the terms of an arms' length gas sales contract prudently negotiated in light of the facts and circumstances existing at the time of consummation of such contract; provided, however, that should any order of any regulatory body, state or federal, provide for a price less than the price provided for in any gas sales contract such lesser price shall constitute the net proceeds for purposes of making settlement hereunder. SOE is authorized to make a fair and reasonable charge for making merchantable and /or conditioning the gas to satisfy customary pipeline specifications and compressing the gas produced and sold from said property as a deduction from the gross amount received to determine the net proceeds for which settlement shall be made.
- 4.) The word "OIL" as used herein is hereby declared to include all hydrocarbons purchased in a liquid state hereunder, and the word "GAS" as used herein is hereby declared to include all gaseous substances, including oil well gas (casing head gas).
- 5.) If a refund of a portion of the proceeds derived from the sale of gas may be required under any order, rule or regulation of the Federal Energy Regulatory Commission or any other regulatory authority, state or federal, having jurisdiction or the provisions of the Natural Gas Act of the Natural Gas Policy Act of 1978, SOE may hold, without interest, the portion of the proceeds subject to refund until indemnity satisfactory to Square One Energy has been furnished, or until SOE's refund obligation has been finally determined. If at any time a refund of a portion of the proceeds derived from the sale of gas which has been paid the undersigned is required under any order, rule or regulation of the Federal Energy Regulatory Commission or any other regulatory authority, state or federal, having jurisdiction of the provisions of the Natural Gas act of the Natural Gas Policy Act of 1978, SOE may recover said refund by deduction from future payments or, at SOE's discretion, may



SUSAN GRIM MONTGOMERY
19021 AVE. 300
EXETER, CA. 93221

BARBERFIELD CA 9553
MONTGOMERY CA
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APR 13 2002

BMC GROUP, INC.
RE: CANO PETROLEUM, INC. CLAIMS PROCESSING
P.O. Box 3020
CHANHASSEN, MN
55317-3020

55317+3020

