

Terry T. Smith

May 9, 1985

Dear Roy:

When I discussed with you on April 10th the plugging procedure for this well, we had a fish consisting of drill pipe, drill collars, and test tools with 4 packers stuck in the hole with top at 3700'. We were not optimistic about recovering the fish at that time. We were finally able, however, to pull the fish by displacing all mud in the hole with nitrogen. When we ran drill pipe to circulate the well, we were not able to get below the 3700' depth due to differential sticking problems. Evidently in this hole the formations are substantially under-pressured from 3700' to TD, including the Granite Wash section. This under-pressure is what caused our test tools, drill collars, and drill pipe to stick (\$150,000 potential liability). We therefore proceeded to plug the well as we had discussed over the telephone.

We are cleaning up the location at present. We will notify you for the final inspection.

A handwritten signature in black ink that reads "Terry T. Smith". The signature is written in a cursive, slightly slanted style.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text notes that records should be kept for a sufficient period to allow for a thorough audit and to provide a clear history of the organization's financial activities.

2. The second part of the document outlines the specific requirements for record-keeping. It states that all transactions must be recorded in a clear and concise manner, using a standardized format. This includes recording the date, amount, and nature of the transaction, as well as the names of the parties involved. The text also mentions that records should be kept in a secure and accessible location, and that they should be regularly reviewed and updated.

3. The third part of the document discusses the role of the auditor in ensuring the accuracy of the records. It notes that the auditor is responsible for examining the records and verifying that they accurately reflect the organization's financial activities. The text also mentions that the auditor should report any discrepancies or irregularities to the appropriate authorities.

4. The fourth part of the document discusses the consequences of failing to maintain accurate records. It states that organizations that fail to comply with the requirements for record-keeping may be subject to penalties and fines. The text also mentions that failure to maintain accurate records can damage the organization's reputation and lead to a loss of trust from its stakeholders.

5. The fifth part of the document discusses the importance of training and education in ensuring the accuracy of the records. It notes that all employees who are involved in recording transactions should receive appropriate training and education. The text also mentions that organizations should regularly update their training and education programs to reflect changes in the financial system and in the requirements for record-keeping.