



GENE D. WILSON AND ASSOCIATES



810 FOUR HILLS RD. S.E. ALBUQUERQUE, N.M. 87123

January 9, 1987

Nicholas T. O'Neill
JNC Resources Company
2620 East 36th Street
Tulsa, Oklahoma 74105

Dear Nick:

It is very unfortunate that the JNC Johnson #2 was a dry hole, it was 450' high to the #1, as I had predicted, but it was just too close to the fault. The pay zones were cut out by the fault. If the well had been just a little farther south it would most likely have been a producing well. The well crossed the fault at 2340'. The fault cut out 720' of section, equivalent to the section between 2820' and 3540' in the Johnson #1. I believe that there is an excellent chance to drill a producing well between the two dry holes.

The correlations between the two holes are as follows:

	Johnson #1	Johnson#2
Santa Rosa (Trsr)	1864	1410 (454' High)
San Andres (Psa)	2474	2023 (451' High)
Psa (Porous "Reef")	2970	Cut out by fault
Glorietta (Pg)	3036	Cut out by fault
Cimarron (Pc)	3827	2646 (1171' High)
Tubb (Pt)	4052	2876 (1176' High)
Abo (Pa)	4200	3024 (1176' High)

Since the well was structurally high as predicted and merely too close to the fault, I recommend that JNC drill another well between the two dry holes in the NE/NW Sec. 26, T10N; R28E. It would be between 300' and 350' high to the #1.

Very truly yours:

Gene D. Wilson
Certified Professional Geologist



PHONE 505-294-3234