



Clay Johnson Oil & Gas Properties

203 WEST WALL, SUITE 202* MIDLAND, TEXAS 79701* (432) 684-4110* FAX (432) 684-5166

AAPL-CPL

August 22, 2006

Fall River Resources, Inc.
P.O. Box 13456
Denver, CO 80201

Re: Oil and Gas Lease Proposal
The E/2 of Section 17, less 5 acres
out of the SE/corner of Section 17,
T-15-S, R-36-E, Lea County, New
Mexico, 315 acres, more or less

Gentlemen:

The Deed Records of Lea County, New Mexico indicate that you own an undivided .017578% mineral interest under the above referenced lands, being .0554 net mineral acres.

This letter shall offer to lease all of your mineral interest under the above referenced lands according to the following terms:

3/16ths Royalty

3 year paid-up primary term

\$100.00/acre lease bonus consideration

Cimarex Energy Co. plans to spud the Caudill West 17 #1 Fee Well around the 1st of October. If you choose not to lease you will have the option to sign the enclosed Authority For Expenditure and participate in the drilling of this well.

Your prompt and favorable response would be greatly appreciated. Should you have any questions, do not hesitate to call.

Thank you for your time and consideration on this matter.

Respectfully,

Mary Kay Brasuel