

FORM 27
SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

ITEM 1. REPORTING ISSUER

TEXAS GAS & OIL INC. (the "Company")
6233 Powell Place
Powell River, B.C.
V8A 4S6

ITEM 2. DATE OF MATERIAL CHANGE

May 26, 2000

ITEM 3. PRESS RELEASE

Issued May 26, 2000 and distributed through the facilities of the Canadian Venture Exchange, and Vancouver Stockwatch Magazine, George Cross Newsletter and Market News.

ITEM 4. SUMMARY OF MATERIAL CHANGE

Drilling has commenced on the Company's Borchers-Kolle Prospect, Victoria County, Texas.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

In respect to the Borchers-Kolle Prospect, Victoria County, Texas, the Company is advised that drilling has commenced today on the 11,500 foot test well, in respect to which the Company has a 60% interest before payout and a 45% interest after payout. The exploration target is natural gas and condensate in middle Wilcox sands. It is anticipated that it will take approximately 30 days to reach depth.

ITEM 6. RELIANCE ON SECTION 85(2) OF THE ACT

This report is not being filed on a confidential basis.

ITEM 7. OMITTED INFORMATION

There are no significant facts required to be disclosed herein which have been omitted.

ITEM 8. DIRECTOR/SENIOR OFFICER

Contact: David Formosa, President/Director
Telephone: (604) 483-3430

ITEM 9. STATEMENT OF SENIOR OFFICER/DIRECTOR

The foregoing accurately discloses the material change referred to herein.

“DAVID FORMOSA”

DAVID FORMOSA

President/Director

DATED at Powell River, B.C., this 26th day of May, 2000.