

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

June 21, 2000

ITEM 3. PRESS RELEASE

Issued June 21, 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

The Company announced that the Kolle #1 test well has been drilled to a total depth of 11,500 feet.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

The Company announced that the Kolle #1 test well has been drilled to a total depth of 11,500 feet. Geophysical logs and twenty sidewall cores have been acquired from the Middle Wilcox targeted objective. Analysis of these logs and sidewall cores have resulted in the decision to set production casing, perforate, fracture stimulate, and production test the Middle Wilcox sandstone objective.

A synthetic seismogram generated from the Kolle #1 sonic log indicates that the sandstone to be production tested correlates to the 1,600 plus acre 3D seismic anomaly. Upon successful production testing of the Kolle #1 well, the Company anticipates drilling up to 4 additional development wells for a total of 5 wells which is estimated to maximize the 1600 plus anomaly.

The Company is paying 60% of the costs of the first well to earn 60% of the net revenues before payout and 45% of the net revenues after payout. The Company will then pay 45% of the costs of all subsequent wells and exploration costs to earn 45% of the net revenues from future wells drilled. Other working interest participants include Gulf Shores Resources Ltd. (CDNX Symbol: GUL).

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 21st day of June, 2000.