

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

GULFTEX OPERATING, INC.
TIM BURROUGHS
DEKE WELLING

RESPONDENTS

ADMINISTRATIVE ORDER
NO. CD-2006-00 07

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. GULFTEX OPERATING, INC. ("GULFTEX") is a Texas corporation with a business address of 3030 LBJ Freeway, Suite 1320, Dallas, Texas 75234..

2. TIM BURROUGHS ("BURROUGHS"), at all times relevant, was President of GULFTEX with a business address 13030 LBJ Freeway, Suite 1320, Dallas, Texas 75234.

3. DEKE WELLING ("WELLING"), at all times relevant, was the Vice President of GULFTEX, with a business address of 13030 LBJ Freeway, Suite 1320, Dallas, Texas 75234.

STATEMENT OF FACTS

4. On August 16, 2004, RESPONDENTS offered and sold a certificate of interest or participation in an oil and gas title or lease or payments out of production in

a gas and oil well entitled Subscription Agreement, for a project named the Mohon #1-H Joint Venture, to an Alabama resident for \$77,100.00

5. On September 15, 2004, RESPONDENTS offered to sell a certificate of interest or participation in an oil and gas title or lease or payments out of production in a gas and oil well entitled Subscription Agreement, for a project named the Hughes #1-H Joint Venture, to an Alabama resident for \$77,100.00.

6. On December 16, 2004, RESPONDENTS offered and sold a certificate of interest or participation in an oil and gas title or lease for payments out of production in a gas and oil well entitled Subscription Agreement, for a project named the White #1-H Joint Venture, to an Alabama resident for \$77,100.00.

7. Review of the files of the Commission, disclosed no record of registration for RESPONDENT GULFTEX as a broker dealer in the state of Alabama.

8. Review of the files of the Commission, disclosed no record of registration or exemption from registration in the state of Alabama for the Subscription Agreements offered and sold by RESPONDENTS.

CONCLUSIONS OF LAW

9. Section 8-6-2 (10), Code of Alabama 1975, defines a certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, or any right to subscribe to any of the foregoing, as a security.

10. The Subscription Agreements offered and sold by RESPONDENTS to the Alabama resident are securities.

11. Section 8-6-3, Code of Alabama 1975 states It is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article.

12. RESPONDENT GULFTEX is not registered as a broker dealer or agent in the state of Alabama.

13. Section 8- 6-4, Code of Alabama 1975 states: It is unlawful for any person to offer or sell any security in this state unless it is registered under this article; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11.

14. The securities offered and sold by the RESPONDENTS were neither registered nor exempt from registration in Alabama.

15. This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 6th day of March, 2006.



ALABAMA SECURITIES COMMISSION
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.
JOSEPH P. BORG
Director