

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



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JACK D. LADD
MEMBER

SSB Docket No. 02-45

IN THE MATTER OF
SOUTHWEST EARTH RESOURCES, INC.
AND GARY A. SHEPHERD

§
§
§

Order No. CDO-1490

TO: Southwest Earth Resources, Inc.
Highway 501
P. O. Box 219
Pontotoc, Texas 76869-0219

Gary A. Shepherd
Highway 501
P. O. Box 219
Pontotoc, Texas 76869-0219

CEASE AND DESIST ORDER

Be it remembered that Southwest Earth Resources, Inc. ("Respondent SERI"), by and through its President, Director and Registered Agent, Gary A. Shepherd, and Gary A. Shepherd, individually ("Respondent Shepherd") (collectively "Respondents"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to this entry of this Order and Undertaking, and without admitting or denying them, to the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2002) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2002) ("Administrative Procedure Act").

2. Respondent SERI is a domestic business corporation in the State of Texas with its registered address at Highway 501, P. O. Box 219, Pontotoc, Texas 76869-0219.
3. Respondent Shepherd is an individual who, at all times material hereto, has been President, Director and Registered Agent of Respondent SERI with the same registered address.
4. Respondents issued and sold shares of SERI stock to more than 35 investors during the period from 1989 to 1999.
5. Respondents sold shares of SERI stock during a period of 12 months to more than 15 persons during the period from 1989 to 1999.
6. The shares of SERI stock have not been registered by qualification, notification or coordination and no permit has been granted for sale of shares of SERI stock in the State of Texas.

CONCLUSIONS OF LAW

1. The above-referenced shares of stock in SERI are "securities" as defined in Section 4.A. of the Texas Securities Act.
2. Respondents are acting as "issuers" in securities as defined in Section 4.G. of the Texas Securities Act.
3. Respondents violated Section 7 of the Texas Securities Act by offering for sale the above-described unregistered securities.

UNDERTAKING

1. Respondents agree that they will not to engage in any offer and sale of securities without such securities being properly registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act, or unless the sale of such securities is exempt from the registration requirements of the Act. In the event Respondents believe such activity is exempt from registration under Section 5 of the Texas Securities Act, Respondents will first contact the Securities Commissioner, at least 15 days prior to any sale, notifying Respondent's intent to sale and identifying the exemption relied upon.
2. Respondents agree to provide records of sales of securities beginning January, 2000, to the present, to the Securities Commissioner within 60 days, including investor information, agreements, securities sold, solicitation and marketing materials, and any other records used in connection with the sales.

ORDER

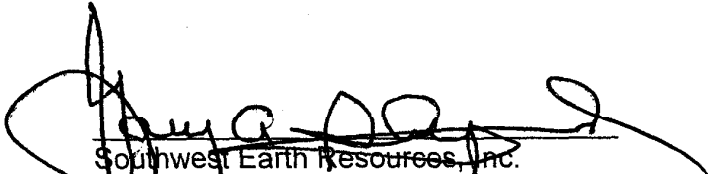
1. It is therefore ORDERED that Respondents CEASE AND DESIST from the offer and sale of the above-described securities until said securities are registered or an available exemption is utilized.
2. It is further ORDERED that Respondents COMPLY with the terms of the Undertaking.


SIGNED AND ENTERED by the ^{Deputy} Securities Commissioner this 31st day of December, 2002.


Deputy Commissioner

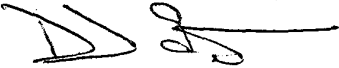
for DENISE VOIGT CRAWFORD
Securities Commissioner

Respondents:


Southwest Earth Resources, Inc.
By: Gary A. Shepherd, President, Director
and Registered Agent


Gary A. Shepherd, Individually

Approved as to Form:

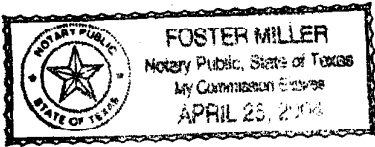


David Grauer
Director
Enforcement Division

ACKNOWLEDGMENT

On the 23 day of December, 2002, Southwest Earth Resources, Inc. ("Respondent SERI"), by and through Gary A. Shepherd, its President, Director and Registered Agent, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Gary A. Shepherd is duly authorized to enter into the foregoing Order and Undertaking on behalf of Respondent SERI;
2. Gary A. Shepherd has read the foregoing Order and Undertaking;
3. Respondent SERI has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent SERI knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking, and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent SERI by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

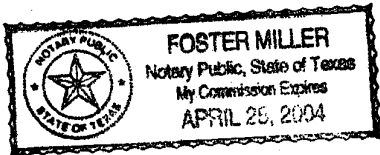
Foster Miller
Notary Public in and for
the State of Texas

My commission expires on: April 23, 2004

ACKNOWLEDGMENT

On the 23 day of December, 2002, Gary A. Shepherd ("Respondent Shepherd"), individually, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Respondent Shepherd has read the foregoing Order and Undertaking;
2. Respondent Shepherd has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Shepherd knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking, and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent Shepherd, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



[affix notary seal here]

Foster Miller
Notary Public in and for
the State of Texas

My commission expires on: April 25, 2004