

ENERGULF RESOURCES INC.

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NEWS RELEASE

ENERGULF TO DRILL SOUTH TEXAS WELL

July 25, 2007

(HOUSTON) EnerGulf Resources Inc. (TSXV: ENG) is pleased to announce that, pursuant to its previously announced memorandum of understanding with Killam Oil Company Ltd., through its wholly owned subsidiary EnerGulf Corporation, it has elected to continue its South Texas drilling program and is participating in the drilling of the Longoria 174 #2 in Duval County, Texas. Drilling is expected to begin later this week.

The Longoria 174 #2 will be drilled to an anticipated total depth of 3,500 feet to test the Mirando and Yegua sands. The projected dry hole cost is \$120,100 and if successful the completion costs are estimated at \$108,000. The well will be located 631 feet northwest from the previously completed Longoria 174 #1 which produced limited amounts of gas before mechanical issues forced the well to be shut in. Killam Oil has secured the additional Mirando and Yegua drilling rights extending to the top of the Queen City formation on 568.83 acres of the lease upon which the well will be drilled. If the 174 #2 well is successful, it is anticipated that a drilling program will be commenced to further develop the Mirando and Yegua sands over the area of the lease. EnerGulf will be responsible for 5% of the costs on the Longoria 174 #2, as it has paid 5 percent of costs on the 1,291.9 acre Longoria 174 original lease to earn a 5 percent working interest in the prospect including a surrounding area of mutual interest.

Killam Oil Company was founded in 1921 by legendary Texas wildcatter O.W. Killam and privately owned by the Killam family. Killam Oil Company pioneered oil exploration in Texas (Webb, Zapata and Duval counties in Railroad Commission District 4, which is the top gas producing district in Texas) and currently operates some 280 wells with participation approximately 550 wells. Killam is one of the top producers of natural gas in the area.

EnerGulf Chairman Jeff Greenblum commented, "After much work to secure the necessary additional rights to the targeted Mirando and Yegua formations, we look forward to continuing participation with Killam Oil in the Longoria drilling program. With 5% of the costs, our capital exposure is limited while the potential for meaningful cash flow exists with the success of a multi-well development program."

On Behalf of the Board of Directors of
ENERGULF RESOURCES INC.

"*Jim Askew* ", President

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Certain disclosure in this release, including management's assessment of EnerGulf's plans and projects, constitute forward-looking statements that are subject to numerous risks, uncertainties and other factors relating to EnerGulf's operations as an oil and gas exploration company that may cause future results to differ materially from those expressed or implied by those forward-looking statements and readers are cautioned not to place undue reliance on these statements.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of this news release.