

Section Two: Issuers' Continuing Disclosure Obligations

Issuers are considered to have adequate current information publicly available to the extent such information is updated to reflect new developments after the publication of the initial issuer disclosure statement. In general, an issuer shall provide updates to the most recent balance sheet, income sheet and statement of cash flows, as required under item XV above, as well as disclose changes in any other of the above disclosure items no later than 45 days after the end of any fiscal quarter ("Quarterly Updates") and 90 days after the end of any fiscal year ("Annual Updates"). Issuers shall also provide updates, ("Current Updates") within ten business days in the event that any of the information contained in the disclosure statement (including any information contained in the prior Update) has become materially inaccurate or incomplete, or upon the occurrence of certain events described under the Current Reporting Obligations section. The specific requirements for Quarterly, Annual and Current Updates are set forth below.

Insiders, affiliates and control persons of issuers shall be aware that Rule 144 under the Securities Act requires that adequate current information be publicly available if they wish to sell any of their securities in the public secondary markets.

Quarterly Reporting Obligations

In order to be considered as having adequate current information publicly available. Issuers must publish Quarterly Updates to their disclosure statements on the Pink Sheets News Service, no later than 45 days later after the end of each fiscal quarter. Quarterly Updates should contain responses to the following items, and should follow the format below.

Instruction relating to the preparation of Quarterly Updates:

Issuers shall prepare a document that responds to each item and sub-item below and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable.

Quarterly Updates should be published under the report name of "*Quarterly Report*" or "*Interim Report*" for the appropriate fiscal quarter end.

Item I Exact name of the issuer and the address of its principal executive offices.

In answering this item, the issuer shall provide the information required by Items I and II of the requirements for initial disclosure statements in Section One of these Guidelines.

Gulf Ethanol Corp.
1240 Blalock Road Suite 200
Houston, TX 77055

Item 2 Shares Outstanding.

In answering this item, the issuer shall provide the information provided by Item X of Section One of these Guidelines with respect to the fiscal quarter end.

(i) Period and end date;	09/30/2007
(ii) Number of shares authorized;	100,000,000
(iii) Number of shares outstanding;	33,212,932
(iv) Freely tradable shares (public float);	21,702,279
(v) Total number of beneficial shareholders; and	7
(vi) Total number of shareholders of record.	24

Item 3 Interim financial statements

The issuer shall include financial statements for the most recent fiscal quarter, which quarterly financial statements shall meet the requirements of Item XV of Section One of these Guidelines, provided, however, that “*Instruction to Item XV*” contained in Section One of these Guidelines should not be followed; instead, issuers should follow the Instruction set forth below rather than the Instruction contained in Item XV.

Instruction to Item 3: The interim financial statements required by this Item 3 may either be included in the text of the Quarterly Update under the heading of Item 3 or attached at the end of the Quarterly Update. If attached at the end of the Quarterly Update, the disclosure under this Item 3 must (i) state that the interim financial statements are attached at the end of this Quarterly Update, (ii) contain a list describing the financial statements that are attached and (iii) contain a clear cross-reference to the specific location where the information requested by this Item 3 can be found.



Financial Statements (Unaudited)

**For the Period of Re-Entry Into the Development Stage (January 1, 2007) through
September 30, 2007**

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
BALANCE SHEETS AS OF SEPTEMBER, 2007 AND DECEMBER 31, 2006
(Unaudited)

	Sep 30, 2007	Dec 31, 2006
ASSETS		
Cash and cash equivalents	24,615	54,524
Accounts receivable	10,000	-
Loan receivable, net of allowance of \$0 and \$135,302 at September 30, 2007 and December 31, 2006, respectively	-	13,302
	34,615	67,826
TOTAL CURRENT ASSETS	34,615	67,826
	\$ 34,615	\$ 67,826
LIABILITIES		
Accounts payable	27,171	14,985
Loans and accrued interest from related parties	160,543	-
	187,714	14,985
TOTAL CURRENT LIABILITIES	187,714	14,985
	187,714	14,985
SHAREHOLDERS' DEFICIT		
Common stock, par value \$0.0001, authorized 100 million, 33,212,932 and 13,212,932 issued and outstanding at September 30, 2007 and December 31, 2006, respectively	3,321	6,805
Additional paid in capital	212,445	206,961
Deficit accumulated during the development phase	(368,865)	(160,925)
	(153,009)	52,841
TOTAL SHAREHOLDERS' DEFICIT	(153,009)	52,841
	\$ 34,615	\$ 67,826
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	34,615	67,826

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENTS OF OPERATIONS FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30,
2007 AND FOR THE PERIOD FROM RE-ENTERING THE DEVELOPMENT STAGE (JANUARY 1,
2007) TO SEPTEMBER 30, 2007
(unaudited)

	9 Months Ended Sep 30, 2007	3 Months Ended Sep 30, 2007	Re-entering the Developmen t Stage to Sep 30, 2007
Revenues	-	-	-
General and administrative expenses	193,595	83,382	193,595
Bad debt expense	<u>13,302</u>	<u>-</u>	<u>13,302</u>
Net operating loss	(206,897)	(83,382)	(206,897)
Interest expense, related parties	<u>1,043</u>	<u>1,043</u>	<u></u>
NET LOSS	<u>(207,940)</u>	<u>(84,425)</u>	<u>(207,940)</u>
Weighted average shares outstanding	29,989,489	33,212,932	29,989,489
Basic and fully diluted loss per share	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENTS OF CASH FLOWS FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30,
2007 AND FOR THE PERIOD FROM RE-ENTERING THE DEVELOPMENT STAGE (JANUARY 1,
2007) TO SEPTEMBER 30, 2007
(unaudited)

	9 Months Ended Sep 30, 2007	3 Months Ended Sep 30, 2007	From Re- entering the Developme nt Stage (Jan 1, 2007) to Sep 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	(207,940)	(84,425)	(207,940)
Adjustments to reconcile net loss to net cash used by operating activities:			
Bad debt expense	13,302	-	13,302
Accounts payable	12,186	8,805	12,186
Earnest money paid for plant site acquisition	(10,000)	(10,000)	(10,000)
Interest accrued to related parties	1,043	1,043	1,043
	<hr/>	<hr/>	<hr/>
Net cash used by operating activities	<u>(191,409)</u>	<u>(84,577)</u>	<u>(191,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
	<hr/>	<hr/>	<hr/>
Net cash provided/(used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans from related parties	159,500	92,750	159,500
Common stock issued for cash	2,000	-	2,000
	<hr/>	<hr/>	<hr/>
Net cash provided by financing activities	<u>161,500</u>	<u>92,750</u>	<u>161,500</u>

	<u>161,500</u>	<u>92,750</u>	<u>161,500</u>
NET INCREASE IN CASH	(29,909)	8,173	(29,909)
Cash at beginning of period	54,524	16,442	54,524
Cash at end of period	24,615	24,615	24,615

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENT OF SHAREHOLDERS' DEFICIT FROM RE-ENTERING THE DEVELOPMENT STAGE
(JANUARY 1, 2007) TO SEPTEMBER 30, 2007
(unaudited)

<u>Common Stock</u>						
	Date	No. of Shares	At Par Value	Additional Paid In Capital	Deficit Accum'd During the Developme nt Stage	Total
Balances, December 31, 2006		13,212,932	6,805	206,961	(160,925)	52,841
Adjustment to 12/31/06 par value			(5,484)	5,484		-
Shares issued for cash	02/13/07	20,000,000	2,000	-		2,000
Net loss					(207,940)	(207,940)
Balances, September 30, 2007		33,212,932	3,321	212,445	(368,865)	(153,099)

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
NOTES TO INTERIM FINANCIAL STATEMENTS, SEPTEMBER 30, 2007
(unaudited)

NOTE 1 – NATURE OF BUSINESS

Gulf Ethanol Corp, (a Development Stage Company) (“Gulf Ethanol”, the “Company”, “we” or “us”), formerly U.S. Development Corporation, and formerly Land Investors of America, was incorporated in the State of Oklahoma on February 26, 2003. Our common stock is traded on the Pink Sheets under the symbol GFET.

Gulf Ethanol is a development stage company and had no operating revenues for the nine months ended September 30, 2007. Our business plan consists primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an ethanol plant along the gulf coast of the United States. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from Central and South American sources.

As is discussed in Note 3, our board of directors authorized the issuance of 20 million shares pursuant to our registration under Rule 504 of Regulation D of the Securities Act of 1933. With the change in control of the Company and resulting change in the business plan, we have deemed ourselves a Development Stage Company and will report, until we have significant revenues, as a Development Stage Entity under FASB Statement No. 7 - *Accounting and Reporting by Development Stage Enterprises*.

NOTE 2 – GOING CONCERN

We do not currently produce any ethanol. We do not expect to operate at a profit, nor have positive cash flows from operations before the completion of our first ethanol plant and we have not yet located the site of our first project. To finance our on-going development, we will need to incur additional indebtedness, issue additional common stock or sell interests in the form of partnerships or joint ventures.

If we are unable to raise the capital required, we may be forced to terminate our operations and liquidate our assets at rates substantially lower than our carrying values.

NOTE 3 – CAPITAL STOCK

The Company is authorized to issue 100 million shares of common stock. At December 31, 2006, we had 13,212,932 shares of our capital stock outstanding.

On February 13, 2007, the Company’s board of directors authorized the issuance of 20 million shares to ten accredited investors pursuant to Rule 504 of Regulation D of the Securities Act of 1933. These shares were issued in exchange for \$2,000 in cash and are valued at par.

At September 30, 2007, we had 33,212,932 shares outstanding.

On August 27, 2007, we pledged 500,000 shares of our common stock as collateral for a loan made by Texas State Bank to Oxford Funding Corporation, a company which is related to Gulf Ethanol Corporation through common ownership.

NOTE 4 – OPTIONS AND WARRANTS

The Company has no options or warrants outstanding as of September 30, 2007.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company has funded its operations through loans from shareholders and other related parties. At September 30, 2007, the Company issued notes, which are callable by the maker, totaling \$61,500 bearing 6% interest.

On August 27, 2007, we pledged 500,000 shares of our common stock as collateral for a loan made by Texas State Bank to Oxford Funding Corporation, a company which is related to Gulf Ethanol Corporation through common ownership.

SIGNATURES

In connection with the this Quarterly Report of Gulf Ethanol Corp. , an Okalahoma corporation (the “Company”), for the quarter ended September 30, 2007, as filed with the Securities and Exchange Commission (the “Report”), William A. Carmichael, Chief Operations Officer, does hereby certify that the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Gulf Ethanol Corp.

By: //s// William A. Carmichael

November 12, 2007

Item 4 Management’s discussion and analysis or plan of operation.

The issuer shall provide the information required by Item XVII of Section One of these Guidelines.

Gulf Ethanol is a development stage company and had no operating revenues for the three months ended September 30, 2007. Our activities consist primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an Ethanol plant along the Gulf Coast of the U.S. We may choose to purchase an existing plant if the right opportunity is presented. In addition, we may work with international producers to explore the importation of ethanol or feedstocks for ethanol production from central and South American sources. We plan to utilize a process for producing ethanol that will employ non-food cellulosic feedstock, primarily sorghum. Southeast Texas is an ideal choice for public and private investment into alternative energy, particularly ethanol.

In addition to the infrastructure to support world class refining production, the region also has a vibrant agricultural economy, which can produce, process, and transport the crops efficiently.

On April 19th of 2007 we announced that we had entered into a Letter of Intent to purchase a portion of the GALCO plant located in the Bayport Industrial District of Houston, TX. Initial evaluations indicated that the facility can be modified to produce ethanol or bio-diesel fuel in volumes up to 30 million gallons per year. However, after further evaluation it was determined that the cost of revamping the facility would be prohibitive and the plans to produce ethanol and blend fuels was abandoned in favor of building a new facility.

We have also established business relationships and have been in negotiations with ethanol processors in CAFTA/CBI countries and with several suppliers in South America. We are currently in negotiation with a major U.S. University to partner in the development of cellulosic ethanol using sorghum as a non-food feedstock.

The Company does not currently produce ethanol, as its projects are under development. We are in the development stage and were formed to develop ethanol production plants and other related assets. We do not expect to operate at a profit before our first ethanol plant is completely constructed and operational. To finance our ongoing development and capital needs, we will need to incur additional indebtedness, issue additional securities and/or sell interests in or form partnerships or joint ventures to develop our specific projects. Any such transactions may be consummated by Gulf Ethanol or by the particular subsidiaries of Gulf Ethanol that own and are developing the specific ethanol projects. Any such dispositions of interests in the specific projects may result in a deconsolidation of these project subsidiaries from our consolidated financial results and may result in a material decrease of our interest in, and control over, such projects.

The Company has presented a nonaudited balance sheet. Financial support initially was provided in the form of equity contributions from purchasers of the stock issuance under 504 Reg D rules and from shareholder loans, which are further explained in the financial statements posted separately on the Pink Sheets. There is no assurance that existing financing will be adequate for completion of our first facility, that we will be able to secure additional financing for other projects, or that we will be successful in our efforts to develop, construct and operate one or more ethanol plants. Even if we successfully meet all of these objectives and begin operations, there is no assurance that we will be able to operate profitably. It is currently contemplated that these co-investors, partners or venture partners would generally be industry participants that have an interest in developing ethanol or have had prior involvement in the production and development of ethanol-related projects. Any sale of ownership interests in a project could have an adverse effect on our consolidated financial results and on our ability to control the operations relating to these projects. We expect to produce ethanol from sorghum, and our business will be sensitive to changes in the price of sorghum. The price of sorghum is subject to fluctuations due to unpredictable factors such as weather, total sorghum planted and harvested acreage, changes in national and global supply and demand,

and government programs and policies. We also expect to use natural gas in the ethanol production process at some of our facilities, and our business will be sensitive to changes in the price of natural gas. The price of natural gas is influenced by such weather factors as extreme heat or cold in the summer and winter, in addition to the threat of hurricanes in the spring, summer and fall. Other natural gas price factors include the U.S. domestic onshore and offshore rig count and the amount of U.S. natural gas in underground storage during both the injection and withdrawal seasons.

Numerous ethanol plants have been announced as entrepreneurs enter the business. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the following risk factors:

1. The effectiveness of the reorganization;
2. Our ability to obtain additional capital to finance our initiatives;
3. The time, cost and ability to construct or complete construction of our first ethanol plant;
4. Issues arising in connection with the development and construction of our projects, including those relating to permits, easements, site conditions, workmanship, process engineering, and conflicts of interest;
5. The sale of interests in, or entry into, partnerships or joint ventures with respect to specific projects;
6. Anticipated trends in our financial condition and results of operations;
7. Our ability to distinguish ourselves from our current and future competitors;
8. Changes in or elimination of laws, tariffs, subsidies, trade or other controls or enforcement practices.
9. Changes in weather and general economic conditions;
10. Overcapacity within the ethanol and petroleum production and refining industries;
11. Total United States consumption of gasoline;
12. Availability and costs of products and raw materials, particularly sorghum, natural gas, stainless steel and carbon steel;
13. Labor costs;
14. Fluctuations in petroleum prices;

Item 5 Legal Proceedings.

The issuer shall provide the information required by Item V (a)(11) of Section One of these Guidelines, to the extent not already disclosed in a prior disclosure statement.

None

Item 6 Defaults upon senior securities.

If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer, (i) identify the indebtedness and (ii) state the nature of the default, the amount of default and the total arrearage as of a recent date.

If any material arrearage in the payment of dividends has occurred or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the issuer, give the title of the class and state the nature of the arrearage or delinquency. In the case of a default in the payment of dividends, state the amount and the total arrearage as of a recent date.

The issuer need not respond to this item with respect to any class of securities all of which is held by, or for the account of, the issuer or its totally held subsidiaries. Issuers need not repeat information that has been previously disclosed in a prior disclosure statement, although the issuer shall provide updates regarding previously reported defaults.

None

Item 7 Other Information.

The issuer shall include here responses to any items that the issuer would be required include in a Current Update. See the Current Information update below regarding the information required to be in a Current Update.

N/A

Item 8 Exhibits.

The issuer shall either describe or attached any exhibits that are required under Items XVIII and XIX of Section One, and which have not already been described or attached in any prior disclosure statement, except that the issuer must describe or attach any amendments to any previously described or attached exhibits.

None

Item 9 Certifications.

The issuer shall include current certifications, meeting the requirements contained in Item XX of Section One, relating to the Quarterly Update.

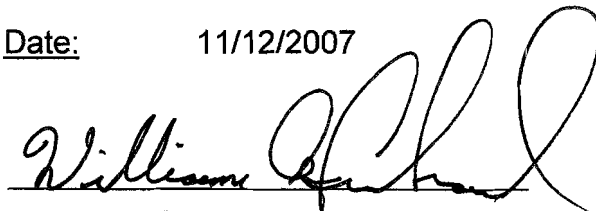
I, William A. Carmichael, certify that:

1. I have reviewed this Quarterly Report of Gulf Ethanol Corp.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in a light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement ; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 11/12/2007

A handwritten signature in black ink, appearing to read "William A. Carmichael", written over a horizontal line.

William A. Carmichael
Corporate Secretary