SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[**X**] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2006**.

[ ] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ________to ________.

Commission file number: **000-31390**

ALLIED RESOURCES, INC.

(Exact name of small business issuer as specified in its charter)

Nevada	**55-0608764**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1403 East 900 South, Salt Lake City, Utah 84105
(Address of principal executive office) (Zip Code)

(801) 582-9609
(Issuer's telephone number)

Check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ___

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ___ No _X____

The number of outstanding shares of the registrant's common stock, $0.001 par value (the only class of voting stock), as of November 13, 2006 was 5,653,011.

TABLE OF CONTENTS

PART I

PART II

PART I

ITEM 1. FINANCIAL STATEMENTS

As used herein, the term “Allied,” “we,” “our,” and “us,” refers to Allied Resources, Inc., a Nevada corporation and its predecessors, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-QSB reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

ALLIED RESOURCES, INC.
BALANCE SHEETS

ASSETS		September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Current assets:			
Cash	$	1,031,442	763,435
Accounts receivable		88,483	151,141
Total current assets		1,119,925	914,576
Oil and gas properties (proven), net (successful efforts method)		576,134	612,851
Deferred tax asset		1,089,000	1,183,000
Deposits		585,017	473,716
Total assets	$	3,370,076	3,184,143
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$	6,000	12,507
Total current liabilities		6,000	12,507
Asset retirement obligation		147,679	142,341
Commitments and contingencies			
Stockholders' equity:			
Common stock, $.001 par value; 50,000,000 shares authorized, 5,653,011 and 5,666,691 issued and outstanding respectively		5,653	5,667
Additional paid-in-capital		9,723,302	9,717,288
Accumulated other comprehensive income		831	22
Accumulated deficit		(6,513,389)	(6,693,682)
Total stockholders' equity		3,216,397	3,029,295
Total liabilities and stockholders' equity	$	3,370,076	3,184,143

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

ALLIED RESOURCES, INC
UNAUDITED STATEMENTS OF INCOME

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2006	2005	2006	2005
Oil and gas revenues	$	197,015	199,317	686,546	578,846
Operating expenses:					
Production costs		85,952	75,877	289,747	216,902
Depletion		12,004	20,478	36,717	52,598
General and administrative expenses		28,878	21,757	109,713	109,018
		126,834	118,112	436,177	378,518
Income from operations		70,181	81,205	250,369	200,328
Interest income		9,154	2,677	23,924	7,777
Income before provision for income taxes		79,335	83,882	274,293	208,105
Provision for (benefit from) income taxes		28,000	(386,000)	94,000	(345,000)
Net income	$	51,335	469,882	180,293	553,105
Income per common share - basic and diluted	$	0.01	0.08	0.03	0.10
Weighted average common shares - basic and diluted		5,653,000	5,667,000	5,654,000	5,667,000

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

ALLIED RESOURCES, INC

UNAUDITED STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2006 and 2005

		2006	2005
Cash flows from operating activities:			
Net income	$	180,293	553,105
Adjustments to reconcile net income to			
net cash provided by operating activities:			
Depletion and amortization		36,717	52,598
Accretion expense		5,338	5,084
Deferred tax asset		94,000	(345,000)
Stock compensation expense		6,000	-
(Increase) decrease in:			
Accounts receivable		62,658	(39,176)
Deposits		(111,301)	(93,672)
Increase (decrease) in:			
Accounts payable		(6,507)	3,227
Net cash provided by operating activities		267,198	136,166
Cash flows from investing activities:		-	-
Cash flows from financing activities:		-	-
Change in accumulated other comprehensive income		809	37
Net increase in cash		268,007	136,203
Cash, beginning of period		763,435	518,092
Cash, end of period	$	1,031,442	654,295

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

ALLIED RESOURCES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
September 30, 2006

Note 1 - Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by management in accordance with the instructions in Form 10-QSB and, therefore, do not include all information and footnotes required by generally accepted accounting principles and should, therefore, be read in conjunction with the Company's Form 10-KSB for the year ended December 31, 2005, filed with the Securities and Exchange Commission. These statements do include all normal recurring adjustments which the Company believes necessary for a fair presentation of the statements. The interim operations are not necessarily indicative of the results to be expected for the full year ended December 31, 2006.

Note 2 – Additional Footnotes Included By Reference

Except as indicated in Notes above, there have been no other material changes in the information disclosed in the notes to the financial statements included in the Company's Form 10-KSB for the year ended December 31, 2005, filed with the Securities and Exchange Commission. Therefore, those footnotes are included herein by reference.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other parts of this report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsections entitled "Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition" below and the subsection entitled "Risk Factors" above. The following discussion should be read in conjunction with our financial statements and notes thereto included in this report. All information presented herein is based on our fiscal year ended December 31, 2005.

General

Allied is an independent oil and natural gas producer involved in the exploration, development, production and sale of oil and gas derived from properties located in Calhoun and Ritchie counties, West Virginia. Allied owns working interests varying from 18.75% to 75% and net revenue interest varying from 18.05 to 65.625%, after deduction of royalties, in a total of 145 wells on several leases.

Discussion and Analysis

Allied's short term strategy is to maintain a positive net cash flow from operations and to use this net cash flow to further increase production by implementing improved production practices and recovery techniques. Allied believes that we can achieve production growth through the improved exploitation of our existing inventory of wells in West Virginia through the disposition of non-productive wells and the enhancement of producing wells. Once Allied believes that it has optimized production from the existing inventory of wells, its long term strategy is to pursue selective acquisitions of additional oil or gas properties or exploration projects.

Allied's business development strategy is prone to significant risks and uncertainties certain of which can have an immediate impact on our efforts to realize positive net cash flow and deter future prospects of production growth. Historically, Allied has not generated sufficient cash flow from operations to sustain operations so there can be no assurance that the wells currently producing will provide sufficient cash flows to sustain operations. Should Allied be unable to generate sufficient cash flow from existing properties, it may have to sell certain properties or interests in such properties or seek financing through alternative sources such as the sale of our common stock. Allied can provide no assurance that such efforts, if necessary, would be successful.

Allied's financial condition, results of operations and the carrying value of our oil and natural gas properties depends primarily upon the prices we receive for oil and natural gas production and the quantity of that production. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. This price volatility can immediately affect Allied's available cash flow which can in turn impact the availability of net cash flow for future capital expenditures. A drop in oil and natural gas prices could also incur a write down of the carrying value of our properties as can future decreases in production. Allied's continued success will depend on the level of oil and natural gas prices and the quantity of our production. Since production leads to the depletion of oil and gas reserves, Allied's ability to develop or acquire additional economically recoverable oil and gas reserves is vital to continued operations. Unless Allied obtains additional reserves, the current decline in production will lead to a significant reduction in revenue.

Results of Operations

During the period from January 1, 2006 through September 30, 2006, Allied has been engaged in overseeing the operation of our oil and gas assets by an independent operator, Allstate Energy Corporation.

NINE MONTHS ENDED SEPTEMBER 30		**2006**		**2005**	**CHANGE #**	**CHANGE %**
AVERAGE DAILY PRODUCTION						
Oil (bbls/day)		1		4	(3)	-75%
Natural gas (mcf/day)		353		375	(22)	-6%
Barrels of oil equivalent (boe/day)		60		67	(7)	-11%
PROFITABILITY						
Petroleum and natural gas revenue	$	686,546	$	578,846	107,700	19%
Net Revenue		686,546		578,846	107,700	19%
Production and operating costs		289,747		216,902	72,845	34%
Field netback		396,799		361,944	34,855	10%
G&A		109,713		109,018	695	1%
Net cash flow from operations		287,086		252,926	34,160	14%
Depletion, depreciation and other charges		36,717		52,598	(15,881)	-30%
Future income taxes		-		-	-	0%
Net earnings from operations	$	250,369	$	200,328	50,041	25%
PROFITABILITY PER BOE						
Oil and gas revenue (average selling price)		42.18		32.24	9.94	31%
Production and operating costs		17.80		12.08	5.72	47%
Field netback ($/boe)		24.38		20.16	4.22	21%
Net earnings ($/boe)		15.38		11.16	4.22	38%
Cash flow from operations ($/boe)		17.64		14.09	3.55	25%

Revenue

Revenue for the three months ended September 30, 2006 decreased to $197,015 from $199,317 for the three month period ended September 30, 2005, a decrease of 1%. Revenue for the nine months ended September 30, 2006 increased to $686,546 from $578,846 for the nine month period ended September 30, 2005, an increase of 19%. The decrease in revenue over the three month comparative periods is attributed to a decline in production. The increase in revenue over the nine month comparative periods is attributable to an increase in the prices realized for oil and gas production. Allied anticipates that increases or decreases in revenues in future periods will remain substantially dependent on production levels and the market price for oil and gas.

Income

Net income before provision for income taxes for the three months ended September 30, 2006 decreased to $79,335 from $83,882 for the three month period ended September 30, 2005, a decrease of 5%. Net income before provision for income taxes for the nine months ended September 30, 2006 increased to $274,293 from $208,105 for the nine month period ended September 30, 2005, an increase of 32%. The decrease in net income before any provision for income tax benefit over the three month comparative periods was due to an increase in production and general and administrative expenses in the current period. The increase in net income before any provision for income tax benefit over the nine month comparative periods was due to increases in revenue and interest income. Allied anticipates that net income will continue to increase over future periods subject to market prices for oil and gas products and production costs.

Net income after provision for income taxes for the three months ended September 30, 2006 decreased to $51,335 from $469,882 for the three month period ended September 30, 2005, a decrease of 89%. Net income after provision for income taxes for the nine months ended September 30, 2006 decreased to $180,293 from $553,105 for the nine month period ended September 30, 2005, a decrease of 67%.

Expenses

General and administrative expenses for the three months ended September 30, 2006, increased to $28,878 from $21,757 for the three month period ended September 30, 2005, an increase of 33%. General and administrative expenses for the nine months ended September 30, 2006, increased to $109,713 from $109,018 for the nine month period ended September 30, 2005. The increase in general and administrative expenses over the three and nine month comparative periods can be attributed to an increase in professional fees. Allied anticipates that general and administrative expenses in future periods will remain relatively consistent.

Direct production costs for the three months ended September 30, 2006, increased to $85,952 from $75,877 for the three month period ended September 30, 2005, an increase of 13%. Direct production costs for the nine months ended September 30, 2006, increased to $289,747 from $216,902 for the nine month period ended September 30, 2005, an increase of 34%. Direct production costs include the cost of maintaining the wells, access roads, miscellaneous expenses for soap, solvent, gasoline or electricity and expenses such as those incurred in swabbing, dozer work or rig time. The increase in direct production costs for the three and nine month comparative periods can be attributed to increases in the maintenance fee charged on a per well basis by Allstate from $125 per well to $175 per well in the current periods. Allied expects that direct production expenses will increase over future periods as costs associated with maintaining the wells increases.

Depletion expenses for the three months ended September, 2006 and September 30, 2005 were $12,004 and $20,478 respectively. Depletion expenses for the nine months ended September 30, 2006 and September 30, 2005 were $36,717 and $52,598 respectively. Allied expects that oil and gas resources will continue to deplete over future periods as wells age.

Income Tax Expense (Benefit)

Allied has an income tax benefit resulting from prior net operating losses which may be used to offset current operating profits. As of December 31, 2005, Allied had net operating loss (NOL) carry-forwards of approximately $3,422,000. Should substantial changes in Allied's ownership occur there would be an annual limitation on the amount of NOL carry-forward, which could be utilized. Further, the ultimate realization of these carry-forwards will be due, in part, on the tax law in effect at the time of the anticipated benefit which cannot be definitively determined based on future events.

Impact of Inflation

Allied believes that inflation has had a negligible effect on operations over the past three years. Allied expects that we can offset inflationary increases in maintenance costs by improving operating efficiencies.

Liquidity and Capital Resources

Cash flow provided by operations was $267,198 for the nine months ended September 30, 2006, as compared to cash flow provided by operations of $136,166 for the nine months ended September 30, 2005. The increase in cash flow provided by operations over the comparative periods can be primarily attributed to an increase in amounts receivable and the tax deferred asset. Allied expects to continue to realize cash flow produced by operations in future periods.

Cash flow used in investing activities for the nine month period ended September30, 2006 was $0 as compared to $0 for the nine month period ended September 30, 2005. We are currently reevaluating our existing wells which may lead to a decision to invest capital into upgrading existing production facilities or to drill new wells. Should Allied expend capital on existing wells or drilling, we would then expect to use cash flow in investing activities in future periods.

Cash flow generated from financing activities was $0 for the nine months ended September 30, 2006 and $0 for the nine months ended September 30, 2005.

Allied has a working capital surplus of $1,113,925 as of September 30, 2006 and has funded its cash needs since inception with revenues generated from operations, debt instruments and private placements. Existing working capital and anticipated cash flow are expected to be sufficient to fund operations for the next twelve months.

Allied has no current commitments for the purchase or sale of any plant or equipment and has no current intention to make any changes in the number of employees.

Forward Looking Statements and Factors That May Affect Future Results and Financial Condition

The statements contained in the section titled "Management's Discussion and Analysis", with the exception of historical facts, are forward looking statements within the meaning of Section 27A of the Securities Act. A safe-harbor provision may not be applicable to the forward looking statements made in this Form 10-QSB due to certain exclusions under Section 27A(b). Forward looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

- our anticipated financial performance and business plan;
- uncertainties related to production volumes of oil and gas;
- the sufficiency of existing capital resources;
- uncertainties related to future oil and gas prices;
- our ability to raise additional capital to fund cash requirements for future operations;
- uncertainties related the quantity of our reserves of oil and gas
- the volatility of the stock market and;
- general economic conditions.

We wish to caution readers that our operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated, including the factors set forth in the section entitled "Risk Factors" included elsewhere in this report. We also wish to advise readers not to place any undue reliance on the forward looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than is required by law.

Risks Related to Our Business

Our future operating results are highly uncertain. Before deciding to invest in us or to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this annual report. If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part of your investment.

We have a history of significant operating losses, which losses may reoccur in the future.

Since our inception in 1979, our expenses have often exceeded our income, resulting in losses and an accumulated deficit of $6,513,389 at September 30, 2006. Although we have recorded a net income of $274,293, before provision for income taxes, for the period ended September 30, 2006, we may incur operating losses in the future as revenues are likely to decline from depleted gas resources and expenses are likely to increase with aging wells. Our expectation of continued profitability is dependent upon our ability to acquire additional production revenue through exploration, development or acquisition. Allied's success in this endeavor can in no way be assured.

Oil and natural gas prices are volatile. Any substantial decrease in prices would adversely affect our financial results.

Allied's future financial condition, results of operations and the carrying value of our oil and natural gas properties depend primarily upon the prices we receive for oil and natural gas production. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. Allied's cash flow from operations is highly dependent on the prices we receive for oil and natural gas. This price volatility also affects the amount of Allied's cash flow available for capital expenditures and our ability to borrow money or raise additional capital. The prices for oil and natural gas are subject to a variety of additional factors that are beyond our control. These factors include:

- the level of consumer demand for oil and natural gas;
- the domestic and foreign supply of oil and natural gas;
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;

- the price of foreign oil and natural gas;
- domestic governmental regulations and taxes;
- the price and availability of alternative fuel sources;
- weather conditions;
- market uncertainty;
- political conditions or hostilities in energy producing regions, including the Middle East; and
- worldwide economic conditions.

These factors and the volatility of the energy markets generally make it extremely difficult to predict future oil and natural gas price movements with any certainty. Declines in oil and natural gas prices would not only reduce revenue, but could reduce the amount of oil and natural gas that Allied can produce economically and, as a result, could have a material adverse effect on our financial condition, results of operations and reserves. Should the oil and natural gas industry experience significant price declines, Allied may, among other things, be unable to meet our financial obligations or make planned expenditures.

Allied's future performance depends on our ability to find or acquire additional oil or natural gas reserves.

Unless Allied successfully replaces the reserves that we produce, the defined reserves will decline, resulting in a decrease in natural gas production and lower revenues and cash flows from operations. Allied has historically obtained the majority of our reserves through acquisitions. The business of exploring for, developing or acquiring reserves is capital intensive. Allied may not be able to obtain the necessary capital to acquire additional oil or natural gas reserves as cash flows from operations are reduced, and access to external sources of capital is unavailable. Should Allied not make significant capital expenditures we will not be able to maintain our current production rates and expenses will overtake revenue which may lead to a cessation of operations.

The results of our operations are wholly dependent on the production and maintenance efforts of Allstate.

The operation and maintenance of our oil and natural gas operations is wholly dependent on an independent local operator, Allstate. While the services provided by Allstate in the past have proven adequate for the successful operation of our oil and natural gas wells, the fact that we are dependent on operations of a third party to produce revenue from our assets could restrict our ability to continue generating a net profit on operations.

The market for our stock is limited and our stock price may be volatile.

The market for our common stock has been limited due to low trading volume and the small number of brokerage firms acting as market makers. Because of the limitations of our market and volatility of the market price of our stock, investors may face difficulties in selling shares at attractive prices when they want to. The average daily trading volume for our stock has varied significantly from week to week and from month to month, and the trading volume often varies widely from day to day.

We may incur significant expenses as a result of being quoted on the Over the Counter Bulletin Board, which may negatively impact our financial performance.

We may incur significant legal, accounting and other expenses as a result of being listed on the Over the Counter Bulletin Board. The Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission has required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 as discussed in the following risk factor, may substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. As a result, there may be a substantial increase in legal, accounting and certain other expenses in the future, which would negatively impact our financial performance and could have a material adverse effect on our results of operations and financial condition.

Our internal controls over financial reporting may not be considered effective, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our annual report for the year ending December 31, 2008, we may be required to furnish a report by our management on our internal controls over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. The report will also contain a statement that our independent registered public accounting firm has issued an attestation report on management's assessment of internal controls. If we are unable to assert that our internal controls are effective as of December 31, 2008, or if our independent registered public accounting firm is unable to attest that our management's report is fairly stated or they are unable to express an opinion on our management's evaluation or on the effectiveness of our internal controls, investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

Critical Accounting Policies and Estimates

Accounting for Oil and Gas Property Costs. As more fully discussed in Note 1 to our financial statements for the year ended December 31, 2005, Allied (i) follows the successful efforts method of accounting for the costs of our oil and gas properties, (ii) amortizes such costs using the units of production method and, (iii) evaluates our proven properties for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. Adverse changes in conditions (primarily gas price declines) could result in permanent write-downs in the carrying value of oil and gas properties as well as non-cash charges to operations that would not affect cash flows.

Estimates of Proved Oil and Gas Reserves. An independent petroleum engineer annually estimates Allied’s proven reserves. Reserve engineering is a subjective process that is dependent upon the quality of available data and the interpretation thereof. In addition, subsequent physical and economic factors such as the results of drilling, testing, production and product prices may justify revision of such estimates. Therefore, actual quantities, production timing, and the value of reserves may differ substantially from estimates. A reduction in proved reserves would result in an increase in depreciation, depletion and amortization expense.

Estimates of Asset Retirement Obligations. In accordance with SFAS No 143, Allied makes estimates of future costs and the timing thereof in connection with recording our future obligations to plug and abandon wells. Estimated abandonment dates will be revised in the future based on changes to related economic lives, which vary with product prices and production costs. Estimated plugging costs may also be adjusted to reflect changing industry experience. Increases in operating costs and decreases in product prices would increase the estimated amount of the obligation and increase depreciation, depletion and amortization expense. Cash flows would not be affected until costs to plug and abandon were actually incurred.

Recent Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments-an amendment of FASB Statements No. 133 and 140", to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, "Accounting for the Impairment or Disposal of Long-Lived Assets", to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. The adoption of this statement is not expected to have a material effect on Allied's future reported financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, "*Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*". This statement requires all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable, and permits for subsequent measurement using either fair value measurement with changes in fair value reflected in earnings or the amortization and impairment requirements of Statement No. 140. The subsequent measurement of separately recognized servicing assets and servicing liabilities at fair value eliminates the necessity for entities that manage the risks inherent in servicing assets and servicing liabilities with derivatives to qualify for hedge accounting treatment and eliminates the characterization of declines in fair value as impairments or direct write-downs. SFAS No. 156 is effective for an entity's first fiscal year beginning after September 15, 2006. The adoption of this statement is not expected to have a material effect on Allied's future reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*". The objective of SFAS 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on Allied's future reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)*". This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. The adoption of this statement is not expected to have a material effect on Allied's future reported financial position or results of operations

In September 2006, the Securities and Exchange Commission ("Commission") issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for periods ending after November 15, 2006. Allied is currently evaluating the impact of adopting SAB No. 108 but does not expect that it will have a material effect on its financial position and results of operations.

ITEM 3. CONTROLS AND PROCEDURES

The Company's president acts both as the Company's chief executive officer and chief financial officer and is responsible for establishing and maintaining disclosure controls and procedures for the Company.

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"), as of September 30, 2006. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our chief executive officer and chief financial officer, in a manner that allowed for timely decisions regarding required disclosure.

The auditors did not test the effectiveness of nor relied on the internal controls of the Company for the fiscal quarters ended September 30, 2006 and 2005.

(b) Changes in Internal Controls

During the period ended September 30, 2006, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation SB are listed in the Index to Exhibits on page 19 of this Form 10-QSB and are incorporated herein by this reference.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, this 13th day of November 2006.

ALLIED RESOURCES, INC.

/s/ Ruairidh Campbell
Ruairidh Campbell
Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer

INDEX TO EXHIBITS

Exhibit No.	***Page No.***	***Description***
3(i)	*	Articles of Incorporation dated February 12, 2002 (incorporated by reference to the Form 10-SB/A filed on April 21, 2003.
3(ii)	*	Bylaws (incorporated by reference to the Form 10-SB/A filed on April 21, 2003).
10(i)	*	Oil and Gas Well Operating Agreement between Allied and Allstate Energy Corporation dated May 1, 1996 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(ii)	*	Amendments to Operating Agreements between Allied and Allstate Energy Corporation dated May 10, 1996 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(iii)	*	Form Gas Purchase Agreement (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(iv)	*	Gas Contract between Allstate Energy Corporation and Dominion dated January 1, 2002 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
14	*	Code of Ethics adopted May 3, 2004 (incorporated by reference to the Form 10KSB filed on May 26, 2004).
31	20	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	21	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 31

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ruairidh Campbell, chief executive officer and chief financial officer of Allied Resources, Inc., (“Registrant”) certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB (“Report”) of Registrant;

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

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the period presented in this Report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant is made known to me by others within those entities, particularly during the period in which this Report is being prepared;

b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

c) Disclosed in this Report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: November 13, 2006

/s/ Ruairidh Campbell
Ruairidh Campbell
Chief Executive Officer and Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Allied Resources, Inc. ("Registrant") for the quarterly period ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof ("Report"), I, Ruairidh Campbell, chief executive officer and chief financial officer, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) This Report complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in this Report fairly represents, in all material respects, the financial condition of Registrant at the end of the period covered by this Report and results of operations of Registrant for the period covered by this Report.

Date: November 13, 2006

/s/ Ruairidh Campbell
Ruairidh Campbell
Chief Executive Officer and Chief Financial Officer

This certification accompanies this Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by Registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.