UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549
FORM 10-KSB

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 for the fiscal year ended **December 31, 2006**

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 for the transition period from __________ to __________

Commission File Number: **000-31390**

ALLIED RESOURCES, INC.

(Name of Small Business Issuer As Specified In Its Charter)

Nevada	**55-0608764**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

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

(801) 582-9609
(Issuer's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(g) of the Exchange Act:

Title of Each Class
Common Stock ($0.001 par value)

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 ___

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and that no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes _______ No ___X___

Registrant's revenues for its most recent fiscal year were $909,791.

The aggregate market value of the registrant's common stock (the only class of voting stock), held by non-affiliates was approximately $2,297,686 based on the average closing bid and ask price for the common stock on April 5, 2007.

As of April 5, 2007 there were 5,653,011 shares outstanding of the registrant's common stock.

TABLE OF CONTENTS

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Corporate Organization

As used herein the terms "Allied," "we," "our," "us," refer to Allied Resources, Inc., and its predecessors, unless the context indicates otherwise. Allied was incorporated as "General Allied Oil and Gas Co" on April 15, 1979 in the State of West Virginia. The company's name was amended to "Allied Resources, Inc." on August 12, 1998. On February 26, 2002, we incorporated "Allied Resources, Inc." in the State of Nevada for the purpose of merging the West Virginia corporation with the Nevada corporation. The transaction resulted in the Nevada corporation surviving the merger as the sole remaining entity. The purpose of the transaction was to remove Allied's domicile to a jurisdiction with tested corporate legislation and to reduce corporate maintenance costs. The merger was completed on April 5, 2002. Pursuant to the merger, shareholders of the West Virginia corporation received one share of the Nevada corporation for each share held in the West Virginia corporation.

Allied's principal place of business is located at 1403 East 900 South, Salt Lake City, Utah, 84105, and its telephone number is (801) 582-9609. Our registered statutory office is located at 920 Sierra Vista Drive, Las Vegas, Nevada 89109. We are engaged in the exploration, development and production of oil and gas properties in West Virginia.

Allied trades on the Over the Counter Bulletin Board under the symbol "ALOD".

Description of Business

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 currently realizes production from a total of 145 oil and gas wells with working interests ranging from 18.75 to 75%. Depth of the producing intervals varies from 1,730 ft to 5,472 ft. All the wells in which we have an interest are situated on developed acreage spread over 3,400 acres in Ritchie and Calhoun counties. Allied prefers operating in West Virginia due to relatively inexpensive drilling and completion operations, and the absence of poisonous gas often associated with oil and gas production. Many of our wells, on the same leases, share production equipment in order to minimize lease operating costs. Recovery from producing wells is consistently evaluated, and cost-efficient work-over methods are often considered to improve the performance of the wells or in the alternative to sell limited producers in order to reduce operating costs.

Allied's interests in its wells are maintained and operated by Allstate Energy Corporation ("Allstate"), a local operator, under the terms of an Operating Agreement. Allstate maintains a varying interest in each of our wells.

The terms of the Operating Agreement, as amended, grant to Allstate the exclusive right to conduct operations in respect to Allied's interests in its wells in exchange for a monthly operating fee for each well and any other costs incurred in normal operation of the wells. Title to all machinery, equipment or other property attached to the wells under the Operating Agreement, as amended, belongs to each party in proportion to its interest in each well, as does any amount recovered as the result of salvaging machinery or equipment from the wells. Under the Operating Agreement, as amended, Allstate is permitted to make capital expenditures on the wells up to $5,000 without notifying us of the expense. However, notice of amounts to be spent over $5,000 must be provided to Allied prior to expenditure for our approval if it owns a majority interest in the specific well. Likewise, the abandonment of wells must be approved by the party holding a majority interest in the specific well to be abandoned. Allstate is entitled pursuant to the Operating Agreement, as amended, to establish an escrow account to withhold up to 25% of the net income on any particular well up to $5,000 to be used for capital improvement of the wells or if necessary plugging the wells. The Operating Agreement, as amended, prohibits us from selecting an operator of the wells other than Allstate unless it is prepared to purchase Allstate's interest in each specific well at fair market value. The surrender of leases under the Operating Agreement, as amended, can only be accomplished in the event that both Allied and Allstate consent to such surrender. Finally, we cannot sell its interest in any of the wells unless it first offers to sell such interests to Allstate on the same terms as are proposed for a third party purchaser.

Allied's interests in oil and gas properties are the direct result of its relationship with Allstate. The majority of our oil and gas interests, approximately 90 wells, were acquired as part of the Ashland Properties acquisition. Allstate prepared a bid package that was presented to Ashland Exploration, Inc. the seller of the wells for consideration in competition with several other bidders for the properties. Allstate submitted the bid under the pretext that should it be successful in its bid, that we would participate in a shared interest in the acquisition. Allied's other interests in wells outside of the Ashland Properties were the result of agreeing to a percentage interest through Allstate farm out arrangements, individual well/lease assignments and drilling agreements spanning the time period from 1981 to 2002. We were not furnished with any engineering reports prior to purchasing interests its oil and gas properties.

Prior to drilling new wells a geological review of the prospective area is made by us in cooperation with Allstate to determine the potential for oil and gas. Our consultants then review available geophysical data (generally seismic and gravity data) to further evaluate the area. After the evaluation of the geophysical data, if the target appears to contain significant accumulations of oil and gas, we then consider the economic feasibility of drilling the target whole. Significant accumulations of oil and gas cannot guarantee economic recovery because it depends on many factors such as how much it costs to drill and complete wells in a certain area, how close the wells are to pipelines and pipeline pressure, what the price of oil or gas is, how accessible the area is, whether the project is a developmental or wildcat prospect.

Our working interest is defined as interest in oil and gas that includes responsibility for all drilling, developing, and operating costs varying from 18.75% to 75%. Our net revenue interest is defined as that portion of oil and gas production revenue after deduction of royalties, varying from 18.05% to 65.625%.

Allied owns varying interests in a total of 145 wells on several leases. Some leases contain multiple wells. The distribution of our interests in West Virginia oil and gas leases is detailed below:

Well Name	Working Interest	Net Revenue Interest
Anderson	75	63.5742
Batson	51.5625	45.1172
Britton	75	63.28125
B. Rutherford	75	65.625
Cokely 582	75	63.5742
Cokely 633-654	75	60.9375
Conrad	75	61.5234
Deem	75	63.5742
E. Goff	75	58.8867
Jay Goff	65.625	55.3709
John Goff	60.9375	51.416
Fire Snyder	75	61.5732
GT Sommerville	75	65.625
Gus Bee	75	63.5742
Foster	70.3125	52.7344
Kennedy	75	63.5742
Law	75	63.5742
Leeson	75	65.625
Mullenix	33.984	27.12
Wellings	75	61.5234
Wellings 1A	63.9637	55.9682
Patton	75	63.5942
Riddle	75	65.625
Richards	75	63.5742
A. J. Scott	37.5	32.8125
Spurgeon	75	63.5742
Stanley 2 & 3	18.75	15.00
Stanley 583	75	63.5742
Summers 2	75	63.28125
Sutton	72.6562	55.0593
Taylor Carr	70.3125	54.9316
Toothman	75	65.625
Vincent 20 C	75	65.625
Vincent 25 C	75	65.625
Vincent 35 C	75	65.625
Vincent 41 C	75	65.625
V. Zinn	75	65.625
Baker Baughman	75	65.625
Baker Baughman 81	75	65.625
Bollinger	75	60.9375
Gill	75	65.625
Gill 3	50	43.75
Haddox	75	65.625
Mills	75	65.625
Sweet 1 & 2	75	65.625
Sweet 3	50	43.75
Watson	75	65.625
Watson 85	75	65.625
Watson 86	75	65.625
Watson 6-87	75	65.625
Wolfe	75	56.25
Browne 1	75	65.625

Competition

The oil and gas business in West Virginia is highly competitive. Allied competes against over 500 independent companies, many with greater financial resources and larger staffs than those available to Allied. West Virginia hosts approximately 40 significant independent operators including NiSource, Equitable, Energy Corporation of America, Cabot Oil and Gas and Dominion Appalachian with over 450 smaller operations with no single producer dominating the area. Major operators such as Exxon, Phillips Petroleum, Shell Oil, Conoco and others considered major players in the oil and gas industry no longer operate any significant interests in West Virginia. Allied believes it can successfully compete against the independent companies by focusing its efforts on the efficient development of its leases in West Virginia by maximizing its production without a significant increase in operating costs.

Marketability

The products sold by us, natural gas and crude oil, are commodities purchased by many distribution and retail companies. Crude oil can be easily sold whenever it is produced subject to transportation cost. The crude oil produced on our behalf is transported by truck from the collection points to the purchaser. Natural gas on the other hand can be more difficult to sell since transportation from point of production to the purchaser requires a pipeline. One hundred percent of Allied’s current gas production interest is transported by pipelines owned by the purchasers of its production.

Allstate sells our gas production interest to three main purchasers, Dominion Field Services, Equitable Resources, and Allegheny Energy. The gas is sold utilizing two different forms of contracts. One, characterized as a fixed contract that determines a certain price for gas over a fixed period of time, usually 90 days and a spot price contract, which markets the production to the purchaser willing to pay the highest price for the production on a month to month basis at prices ranging from $1.75 MCF to $9.85 MCF during the year ended 2006. Any gas production not sold according to fixed gas purchase agreements is sold on the spot price market. Allstate had fixed contracts with Dominion Field Services to sell 15,000 MCF per month averaging 500 MCF’s a day from December 1, 2005 through November 30, 2006 at $9.75 per MCF and up to an additional 7,000 MCF sold at $9.75 over the term of the contract with any additional volume sold at market price. Allstate sells our oil production interest to West Virginia Oil Gathering at the market price on the day of pick up.

The sales prices for Allied’s oil production interests during 2006, 2005 and 2004 varied significantly between $53.88 and $68.55 a barrel over the respective periods. The sale prices for Allied’s gas production interests also varied significantly over the same periods. The gas prices fluctuated between $1.75 and $9.85 in 2006, between $1.75 and $11.96 per MCF in 2005, and between $1.75 and $7.53 per MCF in 2004.

Government Regulation of Exploration and Production

Allied's oil and gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal and state agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases Allied's cost of doing business and affects its profitability. Because such rules and regulations are frequently amended or interpreted differently by regulatory agencies, we are unable to accurately predict the future cost or impact of complying with such laws.

Allied's oil and gas exploration and production operations are affected by state and federal regulation of oil and gas production, federal regulation of gas sold in interstate and intrastate commerce, state and federal regulations governing environmental quality and pollution control, state limits on allowable rates of production by a well or pro-ration unit and the amount of oil and gas available for sale, state and federal regulations governing the availability of adequate pipeline and other transportation and processing facilities, and state and federal regulation governing the marketing of competitive fuels. For example, a productive gas well may be "shut-in" because of an over-supply of gas or lack of an available gas pipeline in the areas in which we may conduct operations. State and federal regulations generally are intended to prevent waste of oil and gas, protect rights to produce oil and gas between owners in a common reservoir, control the amount of oil and gas produced by assigning allowable rates of production and control contamination of the environment. Pipelines are subject to the jurisdiction of various federal, state and local agencies.

Many state authorities require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and gas. Such states also have ordinances, statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and gas properties, the regulation of spacing, plugging and abandonment of such wells, and limitations establishing maximum rates of production from oil and gas wells. However, no West Virginia regulations provide such production limitations with respect to our operations.

Environmental Regulation

The recent trend in environmental legislation and regulation has been generally toward stricter standards, and this trend will likely continue. Allied does not presently anticipate that it will be required to expend amounts relating to its oil and gas production operations that are material in relation to its total capital expenditure program by reason of environmental laws and regulations, but because such laws and regulations are subject to interpretation by enforcement agencies and are frequently changed by legislative bodies, Allied is unable to accurately predict the ultimate cost of such compliance for 2007.

Allied is subject to numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, and areas containing threatened and endangered plant and wildlife species, and impose substantial liabilities for unauthorized pollution resulting from our operations.

The following environmental laws and regulatory programs appeared to be the most significant to Allied's operations in 2006, and are expected to continue to be significant in 2007:

Clean Water and Oil Pollution Regulatory Programs.

The Federal Clean Water Act ("CWA") regulates discharges of pollutants to surface waters. The discharge of crude oil and petroleum products to surface waters also is precluded by the Oil Pollution Act ("OPA"). Our operations are inherently subject to accidental spills and releases of crude oil and drilling fluids that may give rise to liability to governmental entities or private parties under federal, state or local environmental laws, as well as under common law. Minor spills occur from time to time during the normal course of Allied's production operations. We maintain spill prevention control and countermeasure plans ("SPCC plans") for facilities that store large quantities of crude oil or petroleum products to prevent the accidental discharge of these potential pollutants to surface waters. As of December 31, 2006, we have undertaken all investigative or remedial work required by governmental agencies to address potential contamination by accidental spills or discharges of crude oil or drilling fluids.

Clean Air Regulatory Programs.

Allied's operations are subject to the federal Clean Air Act ("CAA"), and state implementing regulations. Among other things, the CAA requires all major sources of hazardous air pollutants, as well as major sources of certain other criteria pollutants, to obtain operating permits, and in some cases, construction permits. The permits must contain applicable Federal and state emission limitations and standards as well as satisfy other statutory and regulatory requirements. The 1990 Amendments to the CAA also established new monitoring, reporting, and recordkeeping requirements to provide a reasonable assurance of compliance with emission limitations and standards. Allied currently obtains construction and operating permits for its compressor engines, and is not presently aware of any potential adverse claims in this regard.

Waste Disposal Regulatory Programs.

Allied's operations generate and result in the transportation and disposal of large quantities of produced water and other wastes classified by EPA as "non-hazardous solid wastes". The EPA is currently considering the adoption of stricter disposal and clean-up standards for non-hazardous solid wastes under the Resource Conservation and Recovery Act ("RCRA"). In some instances, EPA has already required the clean up of certain non-hazardous solid waste reclamation and disposal sites under standards similar to those typically found only for hazardous waste disposal sites. It also is possible that wastes that are currently classified as "non-hazardous" by EPA, including some wastes generated during our drilling and production operations, may in the future be reclassified as "hazardous wastes". Because hazardous wastes require much more rigorous and costly treatment, storage, transportation and disposal requirements, such changes in the interpretation and enforcement of the current waste disposal regulations would result in significant increases in waste disposal expenditures by us.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA").

CERCLA, also known as the "Superfund" law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to have caused or contributed to the release or threatened release of a "hazardous substance" into the environment. These persons include the current or past owner or operator of the disposal site or sites where the release occurred and companies that transported disposed or arranged for the disposal of the hazardous substances under CERCLA. These persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. Allied is not presently aware of any potential adverse claims in this regard.

West Virginia Division of Environmental Protection Office of Oil and Gas.

The State of West Virginia has promulgated certain legislative rules pertaining to exploration, development and production of oil and gas that are administered by the West Virginia Division of Environmental Protection Office of Oil and Gas. The rules govern permitting for new drilling, inspection of wells, fiscal responsibility of operators, bonding wells, the disposal of solid waste, water discharge, spill prevention, liquid injection, waste disposal wells, schedules that determine the procedures for plugging and abandonment of wells, reclamation, annual reports and compliance with state and federal environmental protection laws. Allied believes that all wells in which it has an interest are operated by Allstate in a manner that is in compliance with these rules.

Health and Safety Regulatory Programs.

Allied's operations also are subject to regulations promulgated by the Occupational Safety and Health Administration ("OSHA") regarding worker and work place safety. We have been assured that Allstate currently provides health and safety training and equipment to its employees and is adopting additional corporate policies and procedures to comply with OSHA's workplace safety standards.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements and Labor Contracts

Allied currently has no patents, trademarks, licenses, franchises, concessions, or labor contracts. However, each of Allied's leases are subject to royalty payments.

Exploration Activities

Allied spent no amounts on exploration activities during either of the last two fiscal years.

Employees

Allied employs its chief executive officer, Ruairidh Campbell and one other support person, on a part time basis. Mr. Campbell spends approximately 12 hours a week managing Allied as Allstate, operates its oil and gas operations. Management uses oil and gas consultants, attorneys and accountants as necessary and does not plan to engage any full-time employees in the near future.

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 $6,454,502 at December 31, 2006. Although we did record a net income of $239,180 during fiscal 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 its oil and natural gas properties depend primarily upon the prices it receives 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 it receives for oil and natural gas. This price volatility also affects the amount of Allied's cash flow available for capital expenditures and its 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 its 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 its ability to find or acquire additional oil or natural gas reserves.

Unless Allied successfully replaces the reserves that it produces, 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 its 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 it will not be able to maintain its 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 its 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.

Reports to Security Holders

Allied is required to deliver an annual report to its security holders. Allied’s annual report contains audited financial statements. Allied files all required disclosure with the Commission. The public may read and copy any materials that are filed by Allied at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The statements and forms filed by Allied are filed electronically and are available for viewing or copying on the Internet site maintained by the Commission. The Internet site contains reports, proxies, information statements, and other information regarding registrants. The Internet address for this site is www.sec.gov.

ITEM 2. DESCRIPTION OF PROPERTY

Allied maintains limited office space owned by Ruairidh Campbell, Allied's chief executive officer, for which Allied pays $1,000 per month on a month to month basis. This address is 1403 East 900 South, Salt Lake City, Utah 84105 and the phone number is (801) 582-9609. Allied believes that its current office space will be adequate for the foreseeable future.

Allied currently realizes production from a total of 145 oil and gas wells with working interests ranging from 18.75% to 75%, producing a combination of varying amounts of oil and gas but predominately gas.

Annual oil and gas production amounted to 127,562 MCF of gas and 612 STB of oil in 2006, and 135,927 MCF of gas and 1,167 STB of oil in 2005. The average sales prices over these periods were $7.76 per MCFE in 2006 and $5.76 per MCFE in 2005. Allied's average production costs, which include lifting costs, maintenance costs and severance taxes were $2.57 per MCFE in 2006 and $2.04 per MCFE in 2005. Allied owned 145 gross wells and 101 net wells in 2006. The wells are located on 3,400 gross acres, located in Ritchie and Calhoun counties, West Virginia. The acreage is approximately 2,377 net acres. Allied has no plans at this time to drill additional wells.

ITEM 3. LEGAL PROCEEDINGS

Allied is currently not a party to any pending legal proceeding**.**

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

No matter was submitted to a vote of the security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 2006.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Allied's common stock was quoted on the Toronto Venture Exchange, a service maintained by the Toronto Stock Exchange, under the symbol "TSX.ALO" until January 6, 2006, on which date the security was voluntarily delisted. Our stock has been quoted on the Over the Counter Bulletin Board since July of 2005 under the symbol "ALOD". Trading in the common stock has been limited and sporadic and the quotations set forth below are not necessarily indicative of actual market conditions. Further, these prices reflect inter-dealer prices without retail mark-up, mark-down, or commission, and may not necessarily reflect actual transactions. All quotes provided are reflected in U.S. dollars.

YEAR	QUARTER ENDING	HIGH	LOW
2006	December 31	$0.30	$0.20
	September 30	$0.53	$0.20
	June 30	$0.65	$0.55
	March 31	$0.80	$0.30
2005	December 31	$0.38	$0.19
	September 30	$0.38	$0.19
	June 30	$0.38	$0.18
	March 31	$0.27	$0.12

Record Holders

As of April 5, 2007, there were approximately 108 shareholders of record holding a total of 5,653,011 shares of common stock. However, Allied's board of directors believes that the number of beneficial owners is substantially greater than the number of record holders because a portion of our outstanding common stock is held in broker "street names" for the benefit of individual investors. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Dividends

Allied has not declared any cash dividends since inception and does not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the board of directors and will depend on Allied's earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit the Allied's ability to pay dividends on its common stock other than those generally imposed by applicable state law.

ITEM 6. 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, 2006.

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 it can achieve production growth through the improved exploitation of its 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 its existing inventory of wells, its long term strategy is to pursue selective acquisitions of additional oil or gas producing properties. Allied will consider opportunities located in proximity to its current operations as well as other projects in North America.

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

Allied's financial condition, results of operations and the carrying value of its oil and natural gas properties depends primarily upon the prices it receives 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 a decrease in production. Allied's future success will depend on the level of oil and natural gas prices and the quantity of its 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 its future success. Unless Allied can obtain additional reserves, its current production will decline which will lead to a significant reduction in revenue.

Results of Operations

During the period from January 1, 2004 through December 31, 2006, Allied was engaged in evaluating acquisition opportunities, drilling, evaluating the operating efficiencies of existing wells, disposing of non-productive wells and overseeing the operation of its oil and gas assets by an independent operator, Allstate. The operation and maintenance of Allied's oil and gas operations is wholly dependent on the services provided by Allstate. While the services provided by Allstate have proven adequate, the fact that Allied is dependent on the operations of a third party to maintain its operations and produce revenue can restrict its ability to realize a net profit.

For the fiscal year ended December 31, 2006 Allied realized a net profit from operations as a result of consistently favorable oil and gas prices. Allied believes that the immediate key to its ability to remain profitable is that oil and gas prices remain stable at current levels and an ongoing commitment to reduce general and administrative and production expenses while seeking out revenue producing acquisitions. Should oil and gas prices remain stable and expenses remain relatively consistent, Allied believes that it will most likely continue to operate at a net profit in future periods.

TWELVE MONTHS ENDED DEC. 31		2006		2005	CHANGE #	CHANGE %
AVERAGE DAILY PRODUCTION						
Oil (bbls/day)		2		3	(1)	-33%
Natural gas (mcf/day)		349		372	(23)	-6%
Barrels of oil equivalent (boe/day)		60		65	(5)	-7%
PROFITABILITY						
Petroleum and natural gas revenue	$	909,791	$	878,287	31,504	4%
Net Revenue		909,791		878,287	31,504	4%
Production and operating costs		390,420		306,878	83,542	27%
Field netback		519,371		571,409	(52,038)	-9%
G&A		135,612		146,575	(10,963)	-7%
Income (loss) before depletion, amortization and income taxes		383,759		424,834	(41,075)	-9%
Depletion, depreciation and other charges		49,246		57,929	(8,683)	-15%
Future income taxes		-		-	-	0%
Net earnings from operations	$	334,513	$	366,905	(32,392)	-9%
PROFITABILITY PER BOE						
Oil and gas revenue (average selling price)		41.43		37.02	4.41	12%
Production and operating costs		17.78		12.93	4.84	37%
Field netback ($/boe)		23.65		24.08	(0.43)	-2%
Net earnings ($/boe)		15.23		15.46	(0.23)	-2%
Income (loss) before depletion, amortization and income taxes ($/boe)		17.47		17.91	(0.43)	-2%

Years ended December 31, 2006 and 2005

Gross Revenue

Gross revenue for the twelve month period ended December 31, 2006 increased to $909,791 from $878,287 for the comparable period ended December 31, 2005, an increase of 4%. While production of both oil and gas decreased increases in prices paid for energy is attributed to the increase in gross revenue. Gross production of oil for the twelve month period ended December 31, 2006 decreased to 612 bbls from 1,167 bbls for the twelve month period ended December 31, 2005, a decrease of 48%. Gross production of gas for twelve month period ended December 31, 2006 decreased to 127,562 MCF from 135,927 MCF for the twelve month period ended December 31, 2005, a decrease of 6%. The increase in oil and natural gas prices realized from $5.57 per MCFE in 2005 to $7.76 per MCFE in 2006 resulted in an increase in gross revenue over the periods. Allied anticipates that gross revenue will continue to increase as energy prices remain relatively consistent in combination with efforts to increase current production and acquire additional revenue producing properties.

Net Income

Net income after provision for income taxes for the twelve month period ended December 31, 2006 was $239,180 as compared to net income after provision for income taxes of $1,233,095 for the comparable period ended December 31, 2005, a decrease of 81%. The decrease in net income in the current annual period can be attributed to the recognition of a tax asset of $843,000 in 2005 since recent earnings have lead management to believe it is likely that existing tax assets will be realized.

Expenses

General and administrative expenses for the twelve month period ended December 31, 2006 decreased to $135,612 from $146,575 for the comparable period ended December 31, 2005, a decrease of 7%. The decrease in general administrative expenses is primarily attributed to a decrease in travel expenses. Allied anticipates that general and administrative expenses will remain relatively consistent over future periods.

Depletion expenses for the annual periods ended December 31, 2006, and December 31, 2005 were $49,246 and $57,929 respectively.

Direct production expenses for the annual periods ended December 31, 2006, and December 31, 2005 were $390,420 and $306,878 respectively, an increase of 27%. Direct production expenses include the cost of maintaining the wells, a severance tax of 5% on gross production imposed by the State of West Virginia, 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 can be attributed to an increase in maintenance costs from $125 per well to $175 per well over the comparative periods. Allied expects that direct production expenses will continue to increase over future periods as the age of our wells increase.

Income Tax Expense (Benefit)

As of December 31, 2006 Allied has a net operating loss (NOL) carry forwards of approximately $3,087,000. Should substantial changes in our ownership occur there would be an annual limitation of the amount of NOL carry forward, which could be utilized. The ultimate realization of these carry forwards is due, in part, on the tax law in effect at the time and future events, which cannot be determined.

Impact of Inflation

Allied believes that inflation has had an effect on operations over the past three years in connection with production costs. Allied believes that it can offset inflationary increases in production costs by increasing revenue and improving operating efficiencies.

Liquidity and Capital Resources

Cash flow provided by operations for the twelve month period ended December 31, 2006 was $343,778 as compared to cash flow provided by operations of $245,237 for the comparable period ended December 31, 2005. The increase in cash flow provided by operations can be primarily attributed to a deferred tax asset of $125,000 in the current period. Allied expects to maintain cash flow provided by operations in future periods and believes that the results of operations for the year ended 2006 are indicative of future expectations of cash flow.

Cash flow used in investing activities for the twelve month period ended December 31, 2006 was $0 as compared to $0 for the year ended December 31, 2005. Allied expects that cash flow used in investing activities may increase in future periods as the company evaluates existing wells, identifies exploration opportunities and considers acquisitions.

Cash flow provided by financing was $0 for the year ended December 31, 2006 as compared to $0 for the year ended December 31, 2005.

Allied has a working capital surplus of $1,189,333 as of December 31, 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 in 2007. Allied had no lines of credit or other bank financing arrangements as of December 31, 2006. Since any earnings, if realized, are anticipated to be reinvested in operations, cash dividends are not expected to be paid in the foreseeable future. Commitments for future capital expenditures were not material at year-end. Allied has no defined benefit plan or contractual commitment with any of its officers or directors.

Allied has no current plans for the purchase or sale of any plant or equipment.

Allied has no current plans 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 of Financial Condition and Results of Operations*, 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 report because of 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 that is required by law.

Critical Accounting Policies and Estimates

Accounting for Oil and Gas Property Costs. As more fully discussed in Note 1 to the Financial Statements, Allied (i) follows the successful efforts method of accounting for the costs of its oil and gas properties, (ii) amortizes such costs using the units of production method and (iii) evaluates its 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 its 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 remeasurement 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. This standard is not expected to have a significant 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. This adoption of this statement is not expected to have a significant 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 SEC 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.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". This Statement permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Allied is currently assessing the impact of SFAS No. 159 on its financial position and results of operations.

ITEM 7. FINANCIAL STATEMENTS

Allied's financial statements for the fiscal year ended December 31, 2006 are attached hereto as pages F-1 through F-20.

ALLIED RESOURCES, INC.

FINANCIAL STATEMENTS

December 31, 2006 and 2005

INDEX

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Allied Resources, Inc.

We have audited the accompanying balance sheets of Allied Resources, Inc. as of December 31, 2006 and 2005, and the related statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allied Resources, Inc., as of December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Jones Simkins, P.C.

JONES SIMKINS, P.C.
Logan, Utah
April 5, 2007

ALLIED RESOURCES, INC.

BALANCE SHEETS

December 31, 2006 and 2005

ASSETS

		2006	2005
Current assets:			
Cash	$	1,107,191	763,435
Accounts receivable		82,142	151,141
Total current assets		1,189,333	914,576
Oil and gas properties (proven), net (successful efforts method)		563,605	612,851
Deferred tax asset		1,058,000	1,183,000
Deposits		612,973	473,716
Total assets	$	3,423,911	3,184,143

LIABILITIES AND STOCKHOLDERS' EQUITY

		2006	2005
Current liabilities:			
Accounts payable	$	-	12,507
Total current liabilities		-	12,507
Asset retirement obligation		149,458	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		-	22
Accumulated deficit		(6,454,502)	(6,693,682)
Total stockholders' equity		3,274,453	3,029,295
Total liabilities and stockholders' equity	$	3,423,911	3,184,143

See accompanying notes to financial statements

ALLIED RESOURCES, INC
STATEMENTS OF INCOME
Years Ended December 31, 2006 and 2005

		2006	2005
Oil and gas revenues	$	909,791	878,287
Operating expenses:			
Production costs		390,420	306,878
Depletion		49,246	57,929
General and administrative expenses		135,612	146,575
		575,278	511,382
Income from operations		334,513	366,905
Interest income		29,667	23,190
Income before provision for income taxes		364,180	390,095
Provision (benefit) for income taxes - deferred		125,000	(843,000)
Net income	$	239,180	1,233,095
Income per common share - basic and diluted	$	0.04	0.22
Weighted average common shares - basic and diluted		5,654,000	5,667,000

See accompanying notes to financial statements

ALLIED RESOURCES, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2006 and 2005

	Common Stock		Additional Paid-In-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2005	5,666,691	$ 5,667	9,717,288	(84)	(7,926,777)	1,796,094
Comprehensive income:						
Net income	-	-	-	-	1,233,095	1,233,095
Other comprehensive income - foreign currency translation adjustment	-	-	-	106	-	106
Total comprehensive income						1,233,201
Balance at December 31, 2005	5,666,691	5,667	9,717,288	22	(6,693,682)	3,029,295
Issuance of common stock for services	20,000	20	5,980	-	-	6,000
Cancellation of common stock	(33,680)	(34)	34	-	-	-
Comprehensive income:						
Net income	-	-	-	-	239,180	239,180
Other comprehensive income - foreign currency translation adjustment	-	-	-	(22)	-	(22)
Total comprehensive income						239,158
Balance at December 31, 2006	5,653,011	$ 5,653	$ 9,723,302	$ -	$ (6,454,502)	$ 3,274,453

See accompanying notes to financial statements

ALLIED RESOURCES, INC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2006 and 2005

		2006	2005
Cash flows from operating activities:			
Net income	$	239,180	1,233,095
Adjustments to reconcile net income to net cash provided by operating activities:			
Depletion and amortization		49,246	57,929
Accretion expense		7,117	6,778
Deferred tax asset		125,000	(843,000)
Stock compensation expense		6,000	-
(Increase) decrease in:			
Accounts receivable		68,999	(63,651)
Deposits		(139,257)	(158,421)
Increase (decrease) in:			
Accounts payable		(12,507)	12,507
Net cash provided by operating activities		343,778	245,237
Cash flows from investing activities:		-	-
Cash flows from financing activities:		-	-
Change in accumulated other comprehensive income		(22)	106
Net increase in cash		343,756	245,343
Cash, beginning of year		763,435	518,092
Cash, end of year	$	1,107,191	763,435

See accompanying notes to financial statements

ALLIED RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Allied Resources, Inc. (the Company) was incorporated under the laws of the State of Nevada on February 26, 2002, and was merged with Allied Resources, Inc., a West Virginia corporation, on April 5, 2002. The purpose of the merger was to change the state of incorporation to Nevada. The Company had no assets or liabilities prior to the merger. The Company is primarily engaged in the business of acquiring, developing, producing and selling oil and gas properties to companies located in the continental United States.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are amounts due on oil and gas sales and are unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest although a finance charge may be applied to such receivables that are more than thirty days past due. Accounts receivable are periodically evaluated for collectibility based on past credit history with clients. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to a concentration of credit risk consist primarily of trade receivables. At December 31, 2006 and 2005, the Company's accounts receivable include significant balances owed by Allstate Energy Corporation (see Note 9).

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Oil and Gas Producing Activities

The Company utilizes the successful efforts method of accounting for its oil and gas producing activities. Under this method, all costs associated with productive exploratory wells and productive or nonproductive development wells are capitalized while the costs of nonproductive exploratory wells are expensed.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Oil and Gas Producing Activities (continued)

If an exploratory well finds oil and gas reserves, but a determination that such reserves can be classified as proved is not made after one year following completion of drilling, the costs of drilling are charged to operations. Indirect exploratory expenditures, including geophysical costs and annual lease rentals are expensed as incurred. Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drillings and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated dismantlement and abandonment costs and estimated salvage values, are depreciated and depleted by the units-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property has been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

The continued carrying value of the Company's oil and natural gas properties depends primarily upon the estimated reserves and the prices it receives 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. The Company's production quantities of oil and natural gas are in decline. Any decrease in oil and natural gas prices without an offsetting increase in reserve quantities could result in an impairment of the Company's assets.

Current accounting standards may require companies involved in the oil and gas industry to reclassify oil and gas contract based drilling rights from tangible to intangible assets and to provide the related intangible assets disclosures under SFAS 142. Since the Company does not have any contract based oil and gas drilling rights, any disclosure related to this possible requirement would not have an affect on the Company's financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or noncurrent depending on the periods in which the temporary differences are expected to reverse. Temporary differences result primarily from net operating loss carryforwards, intangible drilling costs and depletion.

Earnings Per Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the year. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive.

Revenue Recognition

Revenue is recognized from oil sales at such time as the oil is delivered to the buyer. Revenue is recognized from gas sales when the gas passes through the pipeline at the well head. The Company believes that both oil and gas revenues should be recognized at these times because ownership of the oil and gas generally passes to the customer at these times. Management believes that this policy meets the criteria of *Staff Accounting Bulletin 101* in that there is persuasive evidence of an existing contract or arrangement, delivery has occurred, the price is fixed and determinable and the collectibility is reasonably assured.

The Company does not have any gas balancing arrangements.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Stock Based Compensation

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards (SFAS) 123R, *Share-Based Payment*, using the modified prospective method. This statement requires the Company to recognize compensation cost based on the grant date fair value of options granted to employees and directors. Prior to December 31, 2005, the Company accounted for its stock-based employee compensation plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, and had adopted the disclosure-only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions primarily related to oil and gas property reserves and prices, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Oil and Gas Properties

Oil and gas properties consists of the following:

		2006	2005
Oil and gas properties (successful efforts method)	$	7,678,346	7,678,346
Capitalized costs related to asset retirement obligation		89,499	89,499
		7,767,845	7,767,845
Less accumulated depreciation, depletion and amortization		(7,204,240)	(7,154,994)
	$	563,605	612,851

Note 3 – Deposits

The Company has an operating agreement with the operator of the Company's oil and gas wells. Terms of the agreement allow the operator to withhold a portion of the Company's share of revenue for possible future costs associated with the wells. The terms of the agreement require that these funds be held in escrow. As of December 31, 2006 and 2005 amounts on deposit was approximately $613,000 and $474,000, respectively.

Note 4 – Asset Retirement Obligation

The Department of Environment of the State of West Virginia requires that when oil and gas wells are abandoned, the owners must comply with regulations implemented by the State to protect the environment. Accordingly, a liability has been established equal to the present value of the Company's estimated prorata share of the obligation. The Company has no assets that are legally restricted for the purpose of settling this obligation.

Following is a reconciliation of the aggregate retirement liability associated with the Company's obligation to plug and abandon its oil and gas properties:

		2006	2005
Balance at beginning of year	$	142,341	135,563
Accretion expense		7,117	6,778
Balance at end of year	$	149,458	142,341

Note 5 – Income Taxes

The provision (benefit) for income taxes differs from the amount computed at federal statutory rates as follows:

		2006	2005
Federal income tax at statutory rate	$	124,000	133,000
Change in valuation allowance		-	(978,000)
Other		1,000	2,000
	$	125,000	(843,000)

Note 5 – Income Taxes (continued)

Deferred tax assets are comprised of the following:

	2006	2005
Net operating loss carryforwards	$ 1,050,000	1,166,000
Asset retirement obligation	32,000	29,000
Depletion and amortization	(24,000)	(12,000)
	$ 1,058,000	1,183,000

As of December 31, 2006, the Company had net operating loss (NOL) carryforwards of approximately $3,087,000. If substantial changes in the Company's ownership should occur there would be an annual limitation of the amount of NOL carryforward, which could be utilized. Also, the ultimate realization of these carryforwards is due, in part, on the tax law in effect at the time and future events, which cannot be determined.

The Company's NOL amounts and related years of expiration are as follows:

Year Generated	Amount	Year of Expiration
1994	$ 57,000	2009
1995	696,000	2010
1996	162,000	2011
1998	110,000	2018
1999	1,980,000	2019
2001	4,000	2021
2002	78,000	2022
	$ 3,087,000	

Note 6 – Related Party Transactions

The Company leases office space on a month-to-month basis from the CEO of the Company. The lease required monthly payments of $750. Effective January 1, 2006, the monthly payments increased to $1,000. The Company incurred rent expense of approximately $12,000 and $9,000 during the years ended December 31, 2006 and 2005, respectively.

The Company has a consulting agreement with its CEO to provided management services. The agreement requires monthly payments of $6,000. The Company incurred management and consulting fees of approximately $72,000 and $60,000 during the years ended December 31, 2006 and 2005, respectively.

Note 7 – Supplemental Disclosures of Cash Flow Information

No amounts were paid for interest and income taxes during the years ended December 31, 2006 and 2005.

Note 8 - Fair Value of Financial Instruments

The Company's financial instruments consist of cash, receivables and payables. The carrying amount of cash, receivables and payables approximates fair value because of the short-term nature of these items.

Note 9 – Commitments and Contingencies

Oil and Gas Operating Agreement

During the years ended December 31, 2006 and 2005, the Company incurred fees and production expenses totaling approximately $383,000 and $300,000, respectively, to Allstate Energy Corporation, which is the operator of the Company's oil and gas wells.

Litigation

The Company may become or is subject to investigations, claims or lawsuits ensuing out of the conduct of its business, including those related to environmental safety and health, commercial transactions, etc. The Company is currently not aware of any such item which it believes could have a material adverse affect on its financial position.

Note 10 - Risks and Uncertainties

The Company's oil and gas reserves are continually declining, which will eventually result in a reduction of the amount of oil and gas produced, oil and gas revenues and cash flows. The Company has historically replaced reserves through both drilling and acquisitions, however, there is no assurance that oil and gas reserves can be located through drilling or acquisition or that even if reserves are located, that such reserves will allow the recovery of all or part of the investment made by the Company to obtain these reserves.

The Company's carrying cost of its oil and gas properties are subject to possible future impairment based on the estimated future cash flows of these properties. These estimated future cash flows are in turn subject to oil and gas prices that are subject to fluctuations and, as a consequence, no assurance can be given that oil and gas prices will decrease, increase or remain stable.

Note 11 – Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109." This statement clarifies the accounting for uncertainty in income tax positions. The provisions of FIN 48 will be effective for the Company starting in First Quarter 2007, with the cumulative effect of the change, if material, recorded as an adjustment to opening retained earnings. Management is currently evaluating the impact of FIN 48 on the financial statements.

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
DECEMBER 31, 2006 AND 2005

Capitalized Costs Relating to Oil and Gas Producing Activities

	December 31, 2006	December 31, 2005
Proved oil and gas properties and related equipment	$ 7,678,346	7,678,346
Unproved oil and gas properties	-	-
Asset retirement obligation	89,499	89,499
Subtotal	7,767,845	7,767,845
Accumulated depreciation, depletion and amortization and valuation allowances	(7,204,240)	(7,154,994)
	$ 563,605	612,851

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
DECEMBER 31, 2006 AND 2005

Costs Incurred in Oil and Gas Acquisition, Exploration and Development Activities

		December 31, 2006	December 31, 2005
Acquisition of properties:			
Proved	$	-	-
Unproved	$	-	-
Exploration costs	$	-	-
Development costs	$	-	-

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
DECEMBER 31, 2006 AND 2005

Results of Operations for Producing Activities

		Years Ended December 31, 2006	Years Ended December 31, 2005
Oil and gas – sales	$	909,791	878,287
Production costs net of reimbursements		(390,420)	(306,878)
Exploration costs		-	-
Depreciation, depletion and amortization and valuation provisions		(49,246)	(57,929)
Net income before income taxes		470,125	513,480
Income tax expense (benefit)		160,000	(843,000)
Results of operations from producing activities (excluding corporate overhead and interest costs)	$	310,125	1,356,480

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
DECEMBER 31, 2006 AND 2005

Reserve Quantity Information (Unaudited)

The estimated quantities of proved oil and gas reserves disclosed in the table below are based upon on appraisal of the proved developed properties by Sure Engineering, LLC. Such estimates are inherently imprecise and may be subject to substantial revisions.

All quantities shown in the table are proved developed reserves and are located within the United States.

	Years Ended December 31,			
	2006		2005	
	Oil (bbls)	Gas (mcf)	Oil (bbls)	Gas (mcf)
Proved developed and undeveloped reserves:				
Beginning of year	5,784	1,564,580	2,878	1,286,432
Revision in previous estimates	92	121,421	4,073	414,075
Discoveries and extension	-	-	-	-
Purchase in place	-	-	-	-
Production	(612)	(127,562)	(1,167)	(135,927)
Sales in place	-	-	-	-
End of year	5,264	1,558,439	5,784	1,564,580

All of the Company's reserves are proved developed reserves.

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
DECEMBER 31, 2006 AND 2005

Standardized Measure of Discounted Future Net Cash Flows and Changes Therein Relating to Proved Oil and Gas Reserves (Unaudited)

	Years Ended December 31, 2006	Years Ended December 31, 2005
Future cash inflows	$ 12,901,000	15,595,000
Future production and development costs	(6,601,000)	(6,351,000)
Future income tax expenses	(2,142,000)	(3,143,000)
	4,158,000	6,101,000
10% annual discount for estimated timing of cash flows	(2,330,000)	(3,365,000)
Standardized measure of discounted future net cash flows	$ 1,828,000	2,736,000

The preceding table sets forth the estimated future net cash flows and related present value, discounted at a 10% annual rate, from the Company's proved reserves of oil, condense and gas. The estimated future net revenue is computed by applying the year end prices of oil and gas (including price changes that are fixed and determinable) and current costs of development production to estimated future production assuming continuation of existing economic conditions. The values expressed are estimates only, without actual long-term production to base the production flows, and may not reflect realizable values or fair market values of the oil and gas ultimately extracted and recovered. The ultimate year of realization is also subject to accessibility of petroleum reserves and the ability of the Company to market the products.

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
DECEMBER 31, 2006 AND 2005

Changes in the Standardized Measure of Discounted Future Cash Flows (Unaudited)

	Years Ended December 31, 2006	2005
Balance, beginning of year	$ 2,736,000	1,318,000
Sales of oil and gas produced net of production costs	(516,000)	(827,000)
Net changes in prices and production costs	(1,082,000)	(3,144,000)
Extensions and discoveries, less related costs	-	-
Purchase and sales of minerals in place	-	-
Revisions of estimated development costs	-	-
Revisions of previous quantity estimate	977,000	4,311,000
Accretion of discount	273,000	132,000
Net changes in income taxes	(560,000)	946,000
Balance, end of year	$ 1,828,000	2,736,000

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Allied has had no changes in or disagreements with its accountants, as to accounting or financial disclosure over the two most recent fiscal years.

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ITEM 8A. CONTROLS AND PROCEDURES

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

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, acting as our principal executive officer and principal financial officer, he 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 December 31, 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.

(b) Changes in Internal Controls

During the period ended December 31, 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.

ITEM 8B. OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

Allied's officers and directors as of April 5, 2007, who will serve until our next annual meeting, or until their successors are elected or appointed and qualified, are as follows:

NAME	AGE	POSITION
Ruairidh Campbell	43	Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, Director
Ed Haidenthaller	43	Director
Paul Crow	60	Director, Secretary

Ruairidh Campbell

On June 6, 1998, Mr. Campbell was first elected as a director and subsequently appointed as an officer of Allied. Mr. Campbell estimates that he spends approximately 12 hours per week on Allied's business. He also has significant responsibilities with other companies, as detailed in the following paragraph. He will serve until the next annual meeting of Allied's shareholders and his successor is elected and qualified.

Mr. Campbell graduated from the University of Texas at Austin with a Bachelor of Arts in History and then from the University of Utah College of Law with a Juris Doctorate with an emphasis in corporate law, including securities and taxation. Over the past five years he has been an officer and director of several public companies: Montana Mining Corp., a mineral resource exploration company from December 1999 to present (president, chief financial officer, director), Star Energy Corporation an oil and gas production company from December 1999 to October 2006 (chief financial officer, director), InvestNet, Inc. a mineral resource exploration company from February 2000 to March 2004 (president, chief financial officer until December 2003, director until March 2004), and NovaMed, Inc. a manufacturer of medical devices from 1995 to August 2003 (president, chief financial officer, director).

Ed Haidenthaller

On September 23, 2004, Mr. Haidenthaller was first elected as a director of Allied. Mr. Haidenthaller estimates that he spends approximately 1 hour per week on Allied's business. He also has significant responsibilities with other companies, as detailed in the following paragraph. He will serve until the next annual meeting of Allied's shareholders and his successor is elected and qualified.

Mr. Haidenthaller graduated from Weber State University with a Bachelor of Science in Finance and then from the University of Utah with a Masters of Business Administration. He is actively involved in the financial services industry. Mr. Haidenthaller worked as the comptroller for Transportation Specialists Insurance Agency (a division of Flying J, Inc.) from October 2002 until June 2003, as the chief financial officer of Axia Group, Inc., a public company involved in business consulting and real estate from May of 2000 until September of 2002 and as assistant controller of the brokerage division of Wells Fargo Bank from May 1999 until April of 2000. Mr. Haidenthaller has operated his own consulting organization, Strategic Funding Consultants, LLC. working with start up and small businesses to develop business strategies, assist in obtaining funding and providing general consulting services related to Sarbanes-Oxley compliance and other Commission matters. Since February 2005, Mr. Haidenthaller has been employed as a managing site director for Jefferson Wells International, a multi-national firm specializing in internal audit, tax compliance, financial operations support, and technology risk management.

Paul Crow

On January 17, 2005, Mr. Paul Crow was appointed as a director of Allied and on January 6, 2006 as secretary. Mr. Crow estimates that he spends approximately 1 hour per week on Allied's business. He also has significant responsibilities with other companies, as detailed in the following paragraph. He will serve until the next annual meeting of Allied's shareholders and his successor is elected and qualified.

Mr. Crow graduated from the University of Utah with a Bachelor of Science in Accounting. Mr. Crow's prior experience includes work as a business consultant to Axia Group, Inc., a public company involved in business consulting and real estate from April 2002 until September 2003 and as a library supervisor with the University of Utah from March 1996 until March of 2002. Currently, Mr. Crow operates his own Edgar preparation and filing business working with private and public businesses to provide general consulting services related to Sarbanes-Oxley compliance and other Commission disclosure requirements.

Board of Directors Committees

Audit Committee

Allied has formed an audit committee to assist the board of directors in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others; reviewing the systems of internal controls which management and the board of directors have established; appointing, retaining and overseeing the performance of independent accountants; and overseeing Allied's accounting and financial reporting processes and the audits of the Allied's financial statements.

Compensation Committee

Allied has not formed a compensation committee.

Code of Ethics

Allied has adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-B of the Securities Exchange Act of 1934. The Code of Ethics applies to directors and senior officers, such as the principal executive officer, principal financial officer, controller, and persons performing similar functions. Allied has incorporated a copy of its Code of Ethics as Exhibit 14 to this Form 10-KSB. Further, Allied’s Code of Ethics is available in print, at no charge, to any security holder who requests such information by contacting Allied.

Compliance with Section 16(a) of the Exchange Act

Based solely upon a review of Forms 3, 4 and 5 furnished to Allied, Allied is aware of the following persons who during the fiscal year ended December 31, 2004 were directors, officers, or beneficial owners of more than ten percent of the common stock of Allied, and who failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934 during such fiscal year.

Ruairidh Campbell failed to file a Form 3 or Form 5 despite being an officer and director of Allied.

Ed Haidenthaller failed to file a Form 3 or Form 5 despite being a director of Allied.

Paul Crow failed to file a Form 3 or Form 5 despite being a director of Allied.

ITEM 10. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objective of Allied’s compensation program is to provide compensation for services rendered by our sole executive officer. Allied’s single salary is designed to retain the services of our executive officer. Salary is currently the only type of compensation used in our compensation program. We use this form of compensation because we feel that it is adequate to retain and motivate our executive officer. The amount we deem appropriate to compensate our executive officer is determined in accordance with market forces; we have no specific formula to determine compensatory amounts at this time. While we have deemed that our current compensatory program and the decisions regarding compensation are easy to administer and are appropriately suited for our objectives, we may expand our compensation program to any additional future employees to include options and other compensatory elements.

Table

The following table provides summary information for the years 2006, 2005, and 2004 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of (i) the chief executive officer and (ii) any other employee to receive compensation in excess of $100,000.

Summary Compensation Table									
Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation ($)	All Other Compensation ($)	Total ($)
Ruairidh Campbell CEO, CFO, PAO, and director	2006 2005 2004	72,000 60,000 36,000	- - -	- - -	- - -	- - -	- - -	12,000* 9,000* 9,000*	84,000 69,000 45,000

***Amount paid to Mr. Campbell or company related to Mr. Campbell for the provision of office space and facilities.

Allied has no “Grants of Plan-Based Awards”, “Outstanding Equity Awards at Fiscal Year-End”, “Option Exercises and Stock Vested”, “Pension Benefits”, or “Nonqualified Deferred Compensation”. Nor does Allied have any “Post Employment Payments” to report.

Compensation of Directors

Allied's non-executive independent directors were compensated with ten thousand (10,000) shares of common stock each for their services as directors in 2006. Directors are not reimbursed for out-of-pocket costs incurred in attending meetings.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the stock of Allied as of April 5, 2007, by each shareholder who is known by Allied to beneficially own more than 5% of the outstanding common stock, by each director, and by all executive officers and directors as a group. Allied has 5,653,011 shares issued and outstanding as of April 5, 2007.

Title of Class	Name and Address of Beneficial Ownership	Amount	Percent of Class %
Common Stock	Ruairidh Campbell 600 Westwood Terrace Austin, Texas 78746	1,530,000	27.1
Common Stock	Ed Haidenthaller 1193 East 800 North, Layton, Utah 84040	10,000	<1.0
Common Stock	Paul Crow 1185 East 5840 South, Salt Lake City, Utah 84121	10,000	<1.0
Common Stock	All Executive Officers and Directors as a Group (3)	1,550,000	27.4

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

On March 16, 2006, Allied issued 10,000 shares to Ed Haidenthaller, a director of Allied, in recognition of his services as a director of Allied.

On March 16, 2006, Allied issued 10,000 shares to Mr. Crow, a director of Allied, in recognition of his services as a director of Allied.

On January 1, 2006, Allied entered into a month to month consulting agreement with Mr. Crow, our secretary and a director, to provide assistance to our chief executive officer in the capacity of secretary in exchange for $250 a month.

On January 1, 2003, Allied entered into a month to month leasing arrangement with Allied's chief executive officer, for the use of office space in exchange for $750 a month. Effective January 1, 2006 the expense was increased to $1,000 per month pursuant to this arrangement.

On June 6, 1998, Allied entered into a month to month consulting agreement with Mr. Campbell, our chief executive officer and a director, to provide management services in exchange for $2,000 a month. Effective July 1, 2004, the expense was increased to $4,000 a month. Effective July 1, 2005, the expense was increased to $6,000 per month pursuant to this agreement.

ITEM 13. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning on page 27 of this Form 10-KSB, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Jones Simkins, P.C. provided audit services to Allied in connection with its annual report for the fiscal years ended December 31, 2006 and 2005. The aggregate fees billed by Jones Simkins, P.C. for the audit of Allied's annual financial statements and a review of Allied's quarterly financial statements was approximately $25,000 and $20,000 respectively.

Audit Related Fees

Jones Simkins, P.C. billed to Allied no fees in each of 2006 and 2005 for professional services that are reasonably related to the audit or review of Allied's financial statements that are not disclosed in "Audit Fees" above.

Tax Fees

Jones Simkins, P.C. billed to the Allied fees of $3,000 in 2006 and $1,200 in 2005 for professional services rendered in connection with the preparation of Allied's tax returns for the respective periods.

All Other Fees

Jones Simkins, P.C. billed to the Allied no fees in each of 2006 and 2005 for other professional services rendered or any other services not disclosed above.

Audit Committee Pre-Approval

All services provided to the Allied by Jones Simkins, P.C. as detailed above, were pre-approved by the Allied's audit committee. Jones Simkins, P.C. performed all work only with their permanent full time employees.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 5th day of April, 2007.

ALLIED RESOURCES, INC.

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

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ruairidh Campbell Ruairidh Campbell	Director	April 5, 2007
/s/ Ed Haidenthaller Ed Haidenthaller	Director	April 5, 2007
/s/ Paul Crow Paul Crow	Director	April 5, 2007

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)	*	Drilling Agreement between Allied and Allstate Energy Corporation dated March 4, 2002 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(iv)	*	Escrow Agreement between Ruairidh Campbell, Dr. Stewart Jackson, Yvonne Cole and Allied dated June 18, 1999 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(v)	*	Form Gas Purchase Agreement (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(vi)	*	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 10-KSB filed on May 26, 2004).
31	28	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	29	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 certify that:

1. I have reviewed this report on Form 10-KSB (“Report”) of Allied Resources, Inc.;

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 small business issuer 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 small business issuer 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 small business issuer 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 small business issuer'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 small business issuer’s internal control over financial reporting that occurred during the small business issuer’s most recent fiscal quarter (the small business issuer’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation, to the small business issuer's auditors and the audit committee of small business issuer'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 small business issuer'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 small business issuer's internal controls over financial reporting.

Date: April 5, 2007

/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 report on Form 10-KSB of Allied Resources, Inc. for the annual period ended December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (“Report”), I, Ruairidh Campbell, do 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 the small business issuer at the end of the period covered by this Report and results of operations of the small business issuer for the period covered by this Report.

/s/ Ruairidh Campbell
Ruairidh Campbell
Chief Executive Officer and Chief Financial Officer
April 5, 2007

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 the small business issuer 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 small business issuer and will be retained by the small business issuer and furnished to the Securities and Exchange Commission or its staff upon request.