SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[**X**] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2007**.

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

Commission file number: **000-31390**

ALLIED RESOURCES, INC.

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

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

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

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

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

Yes _X_ No ___

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

Yes ___ No _X____

The number of outstanding shares of the registrant's common stock, $0.001 par value (the only class of voting stock) as of November 14, 2007 was 5,653,011.

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PART I

ITEM 1. FINANCIAL STATEMENTS

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

ALLIED RESOURCES, INC.
BALANCE SHEETS

ASSETS		September 30, 2007 (Unaudited)	December 31, 2006 (Audited)
Current assets:			
Cash	$	718,594	1,107,191
Accounts receivable		91,575	82,142
Total current assets		810,169	1,189,333
Oil and gas properties (proven), net (successful efforts method)		1,043,380	563,605
Deferred tax asset		996,000	1,058,000
Deposits		692,511	612,973
Total assets	$	3,542,060	3,423,911
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$	10,089	-
Accrued liabilities		16,800	-
Total current liabilities		26,889	-
Asset retirement obligation		155,063	149,458
Accrued tax liabilities		40,000	-
Total liabilities		195,063	149,458
Commitments and contingencies			
Stockholders' equity:			
Common stock, $.001 par value; 50,000,000 shares authorized, 5,653,011 issued and outstanding		5,653	5,653
Additional paid-in-capital		9,723,302	9,723,302
Accumulated deficit		(6,408,847)	(6,454,502)
Total stockholders' equity		3,320,108	3,274,453
Total liabilities and stockholders' equity	$	3,542,060	3,423,911

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

ALLIED RESOURCES, INC
UNAUDITED CONDENSED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Oil and gas revenues	$ 221,037	197,015	611,329	686,546
Operating expenses:				
Production costs	114,178	85,952	327,141	289,747
Depletion	10,276	12,004	30,430	36,717
General and administrative expenses	52,636	28,878	126,127	109,713
	177,090	126,834	483,698	436,177
Income from operations	43,947	70,181	127,631	250,369
Interest income	11,598	9,154	40,024	23,924
Income before provision for income taxes	55,545	79,335	167,655	274,293
Provision for income taxes - deferred	27,000	28,000	62,000	94,000
Net income	$ 28,545	51,335	105,655	180,293
Income per common share - basic and diluted	$ 0.01	0.01	0.02	0.03
Weighted average common shares – basis and diluted	5,653,000	5,653,000	5,653,000	5,654,000

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

ALLIED RESOURCES, INC

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Net income	$ 105,655	180,293
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and amortization	30,430	36,717
Accretion expense	5,605	5,338
Deferred tax asset	62,000	94,000
Stock compensation expense	-	6,000
(Increase) decrease in:		
Accounts receivable	(9,433)	62,658
Deposits	(79,538)	(111,301)
Increase (decrease) in:		
Accounts payable	10,089	(6,507)
Accrued liabilities	16,800	-
Accrued tax liabilities	(20,000)	-
Net cash provided by operating activities	121,608	267,198
Cash flows from investing activities:		
Purchase of oil and gas properties	(510,205)	-
Net cash used in investing activities	(510,205)	-
Cash flows from financing activities:	-	-
Change in accumulated other comprehensive income	-	809
Net increase (decrease) in cash	(388,597)	268,007
Cash, beginning of period	1,107,191	763,435
Cash, end of period	$ 718,594	1,031,442

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

Note 1 - Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by management in accordance with the instructions in Form 10-QSB and, therefore, do not include all information and footnotes required by generally accepted accounting principles and should, therefore, be read in conjunction with the Company's Form 10-KSB for the year ended December 31, 2006, filed with the Securities and Exchange Commission. These statements do include all normal recurring adjustments which the Company believes necessary for a fair presentation of the statements. The interim operations are not necessarily indicative of the results to be expected for the full year ended December 31, 2007.

Note 2 – Additional Footnotes Included By Reference

Except as indicated in Notes above, there have been no other material changes in the information disclosed in the notes to the financial statements included in the Company's Form 10-KSB for the year ended December 31, 2006, filed with the Securities and Exchange Commission. Therefore, those footnotes are included herein by reference.

Note 3 – Income Tax Liabilities

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and the measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on classification and interest and penalties related to income taxes. The Company adopted FIN 48 effective January 1, 2007. As a result of the adoption of FIN 48, the Company recorded $60,000 of accrued tax liabilities in the balance sheet for unrecognized tax benefits, which was accounted for as a cumulative effect adjustment to the January 1, 2007, balance of accumulated deficit.

The Company recognizes accrued interest related to unrecognized tax benefits in interest expense and penalties as an other expense. The Company had $10,000 for the payment of interest and penalties accrued at September 30, 2007.

During the three months ended September 30, 2007, the Company settled a portion of its income tax liability for $20,000.

Note 4 – Supplemental Cash Flow Information

During the nine months ended September 30, 2007, the Company increased the accumulated deficit and recorded an income tax liability of $60,000 as a result of the adoption of FIN 48 (see Note 3).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis of our 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. 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 period ended September 30, 2007. Our fiscal year end is December 31.

General

Allied is an independent oil and natural gas producer involved in the exploration, development, production and sale of oil and gas derived from properties located in Calhoun and Ritchie counties, West Virginia and Goliad, Edwards and Jackson Counties, Texas. Allied owns working interests varying from 3.73% to 75% and net revenue interests varying from 2.68% to 65.63%, after deduction of royalties, in a total of 158 wells on several leases.

Discussion and Analysis

Allied's intends to utilize net cash flow from operations to continue to acquire additional oil and gas producing properties and to implement improved production practices on existing wells to increase production and expand reserves where practicable. Allied believes that it can achieve production growth while expanding reserves through improved exploitation of its existing inventory of wells by disposing of non-productive wells and enhancing producing wells. An evaluation for this objective of our existing portfolio of oil and gas properties is now under consideration. Allied also intends to continue to expand non-operated acquisitions of additional oil or gas producing properties.

Recent Acquisitions

- Effective May 1, 2007 we acquired a non-operated 5.4221% working interest and net royalty interest of 3.9388%, in the Harper #2 well located within the Ramon Musquiz Survey, A-29, in Goliad, Texas. The Harper #2 well is operated by Hankey Oil Company of Houston, Texas and currently produces 1076 STBO and 30,402 MCFG per month from the Wilcox formation.

- Effective August 1, 2007 we acquired a non-operated 5.4375% working interest and various net revenue interests ranging from 4.2275% to 4.2325 in ten properties located in Sections 24, 41, 42 and 46 of the CCSD & RGNG RR Co. Survey, Edwards County Texas. The properties are operated by Marshall & Winston, Inc. of Midland, Texas and currently produce 16 STBO and 37,320 MCFG per month in the Frances Hill (Penn Lower) field from the Canyon Sands formation.

- Effective October 1, 2007 we acquired a non-operated 3.73% working interest and a 2.68% net revenue interest in the Williams #1 well located within the John Alley Survey, A-3, Jackson County, Texas. The Williams #1 well is operated by Magnum Producing, LP of Corpus Christi, Texas and currently produces 1290 STBO and 8,580 MCFG per month from the Wilcox formation.

- Effective October 1, 2007 we acquired a a non-operated 21% working interest and a 12.75% net revenue interest in the Brinkoeter #4 well located within the V. Ramos Survey, A-241, Goliad County, Texas. The Brinkoeter #4 well is operated by Marquee Corporation of Houston, Texas and currently produces 1,800 STBO and 600 MCFG per month from the Massive formation.

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

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

Results of Operations

During the period from January 1, 2007 through September 30, 2007, Allied was engaged in overseeing the operation of our oil and gas assets by independent operators.

Number of days in period	272
Oil Production (bbls)	518.64
Gas Production (mcf)	83,911.88

NINE MONTHS ENDED SEPTEMBER 30		2007		2006	CHANGE #	CHANGE %
AVERAGE DAILY PRODUCTION						
Oil (bbls/day)		2		1	1	100%
Natural gas (mcf/day)		308		353	(45)	-13%
Barrels of oil equivalent (boe/day)		53		60	(7)	-11%
PROFITABILITY						
Petroleum and natural gas revenue	$	611,329	$	686,546	(75,217)	-11%
Net Revenue		611,329		686,546	(75,217)	-11%
Production and operating costs		327,141		289,747	(37,394)	13%
Field netback		284,188		396,799	16,414	15%
G&A		126,127		109,713	(7,344)	-9%
Net cash flow from operations		158,061		287,086	(129,025)	-45%
Depletion, depreciation and other charges		30,430		36,717	(6,287)	-17%
Future income taxes		-		-	-	0%
Net earnings from operations	$	127,631	$	250,369	(122,738)	-49%
PROFITABILITY PER BOE						
Oil and gas revenue (average selling price)		42.14		42.18	(0.04)	0%
Production and operating costs		22.55		17.80	4.75	27%
Field netback ($/boe)		19.59		24.38	(4.79)	-20%
Net earnings ($/boe)		8.80		15.38	(6.59)	-43%
Cash flow from operations ($/boe)		10.90		17.64	(6.74)	-38%

Revenue

Revenue for the three months ended September 30, 2007 increased to $221,037 from $197,015 for the three month period ended September 30, 2006, an increase of 12%. Revenue for the nine month ended September 30, 2007 decreased to $611,329 from $686,546 for the nine month period ended September 30, 2006 a decrease of 11%. The increase in revenues over the three month comparative periods is attributed to the realization of new revenues from properties acquired in May and August. However, the overall decrease in revenues during the nine month comparative periods is attributed to a decline in production from aging wells. Allied expects revenue to increase as production from newly acquired properties offsets recent declines assuming the market price for oil and gas products remains within the current range.

Income

Net income for the three months ended September 30, 2007 decreased to $28,545 from $51,335 for the three month period ended September 30, 2006, a decrease of 44%. Net income for the nine months ended September 30, 2007 decreased to $105,655 from $180,293, a decrease of 41%. The decrease in net income over the three and nine month comparative periods was due to a number of factors including the overall decrease in revenue, the increase in production costs and the increase in general and administrative costs precipitated by the payment of franchise taxes. Allied anticipates that net income will increase over future periods as revenue increases, production costs remain relatively constant and general and administrative expenses decrease.

Expenses

General and administrative expenses for the three months ended September 30, 2007, increased to $52,636 from $28,878 for the three month period ended September 30, 2006, an increase of 82%. General and administrative expenses for the nine months ended September 30, 2006 increased to $126,127 from $109,713 for the nine month period ended September 30, 2006, an increase of 15%. The increase in general and administrative expenses over the three and nine month comparative periods can be attributed to the payment of franchise taxes in the current three month period. Allied anticipates that general and administrative expenses in future periods will decrease.

Direct production costs for the three months ended September 30, 2007 increased to $114,178 from $85,952 for the three month period ended September 30, 2006, an increase of 33%. Direct production costs for the nine months ended September 30, 2007 increased to $327,141 from $289,747 for the nine month period ended September 30, 2006, an increase of 13%. Direct production costs include the cost of maintaining the wells, access roads, miscellaneous expenses for soap, solvent, gasoline or electricity and expenses such as those incurred in swabbing, dozer work or rig time. The increase in direct production costs over the comparative three and nine month periods can be attributed in part to the increase in the number of wells in production and operating expenses associated with two new operators in the field. Allied expects that direct production costs will continue to increase over future periods as additional production is acquired with new wells and costs associated with maintaining existing wells increases over time.

Depletion expenses for the three months ended September 30, 2007 and September 30, 2006 were $10,276 and $12,004 respectively. Depletion expenses for the nine months ended September 30, 2007 and September 30, 2006 were $30,430 and $36,717 respectively. Allied expects that oil and gas resources will continue to deplete over future periods as wells age.

Income Tax Expense (Benefit)

Allied has an income tax benefit resulting from prior net operating losses which may be used to offset current operating profits. As of December 31, 2006 Allied had net operating loss (NOL) carry-forwards of approximately $3,087,000. Should substantial changes in Allied’s ownership occur there would be an annual limitation on the amount of NOL carry-forward, which could be utilized. Further, the ultimate realization of these carry-forwards will be due, in part, on the tax law in effect at the time of the anticipated benefit which cannot be definitively determined based on future events.

Impact of Inflation

Allied believes that inflation has had an effect on operations over the past three years most significantly in relation to increased production and maintenance costs. Allied expects to offset inflationary increases in production and maintenance costs by improving operating efficiencies.

Capital Expenditures

Allied made a significant capital expenditures on property or equipment for the nine month period ended September 30, 2007 on acquiring various working and revenue interests in 13 oil and gas wells for $510,205.

Liquidity and Capital Resources

Cash flow provided by operations was $121,608 for the nine months ended September 30, 2007, as compared to cash flow provided by operations of $267,198 for the nine months ended September 30, 2006. The decrease in cash flow provided by operations over the comparative periods can be primarily attributed to the decrease in net income, a decrease in our deferred tax asset and a decrease in amounts receivable. Allied expects to continue to realize cash flow provided by operations in future periods.

Cash flow used in investing activities was $510,205 for the nine months ended September 30, 2007 and $0 for the nine months ended September 30, 2006. Cash flow used in investing activities in the current nine month period can be attributed to the acquisition of various working and revenue interests in the 13 wells located on different leases in the State of Texas. Further, we are currently reevaluating our existing wells which may lead to a decision to invest cash into upgrading existing production facilities or to drill new wells. Should Allied expend capital on existing wells or drilling or acquire additional producing properties, we would then expect to continue to use cash flow in investing activities.

Cash flow provided by financing activities was $0 for the nine months ended September 30, 2007 and $0 for the nine months ended September 30, 2006.

Allied had a working capital surplus of $615,106 as of September 30, 2007 and has funded its cash needs since inception with revenues generated from operations, debt instruments and private placements. Existing working capital and anticipated cash flow are expected to be sufficient to fund operations for the next twelve months.

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

Off Balance Sheet Arrangements

As of September 30, 2007, Allied has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to stockholders.

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

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

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

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

Risks Related to Our Business

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

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

Since our inception in 1979, our expenses have often exceeded our income, resulting in losses and an accumulated deficit of $6,408,847 at September 30, 2007. Although we have recorded a net income of $28,545 for the three month period ended September 30, 2007, we may incur operating losses in the future as revenues may continue to decline from depleted oil and gas resources, in addition expenses are likely to increase with aging wells. Our expectation of continued profitability is dependent upon our ability to acquire additional production revenue through exploration, development or acquisition. Allied's success in this endeavor can in no way be assured.

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

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

- the level of consumer demand for oil and natural gas;
- the domestic and foreign supply of oil and natural gas;
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- the price of foreign oil and natural gas;
- domestic governmental regulations and taxes;
- the price and availability of alternative fuel sources;
- weather conditions;
- market uncertainty;
- political conditions or hostilities in energy producing regions, including the Middle East; and
- worldwide economic conditions.

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

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

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

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

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

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

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

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

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

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

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our annual report for the year ending December 31, 2007, 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. If we are unable to assert that our internal controls are effective as of December 31, 2007, investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

Critical Accounting Policies and Estimates

Accounting for Oil and Gas Property Costs. As more fully discussed in Note 1 to our financial statements for the year ended December 31, 2006, Allied (i) follows the successful efforts method of accounting for the costs of our oil and gas properties, (ii) amortizes such costs using the units of production method and, (iii) evaluates our proven properties for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. Adverse changes in conditions (primarily gas price declines) could result in permanent write-downs in the carrying value of oil and gas properties as well as non-cash charges to operations that would not affect cash flows.

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

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

Recent Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments-an amendment of FASB Statements No. 133 and 140”, to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” to permit fair value 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 June 2006, the Financial Accounting Standards Board (FSAB) 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. Allied has filed income tax returns in the U.S. federal jurisdiction and in certain states. Allied is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2002. Allied adopted the provisions of FIN 48 on January 1, 2007.

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 3. CONTROLS AND PROCEDURES

Allied's president acts both as our 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 our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"), as of September 30, 2007. 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 September 30, 2007, there has been no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation SB are listed in the Index to Exhibits on page 20 of this Form 10-QSB and are incorporated herein by this reference.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, this 14th day of November 2007.

ALLIED RESOURCES, INC.

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

INDEX TO EXHIBITS

Exhibit No.	*Page*	*Description*
3(i)	*	Articles of Incorporation dated February 12, 2002 (incorporated by reference to the Form 10-SB/A filed on April 21, 2003.
3(ii)	*	Bylaws (incorporated by reference to the Form 10-SB/A filed on April 21, 2003).
10(i)	*	Oil and Gas Well Operating Agreement between Allied and Allstate Energy Corporation dated May 1, 1996 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(ii)	*	Amendments to Operating Agreements between Allied and Allstate Energy Corporation dated May 10, 1996 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(iii)	*	Form Gas Purchase Agreement (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
10(iv)	*	Gas Contract between Allstate Energy Corporation and Dominion dated January 1, 2002 (incorporated by reference to the Form 10SB/A filed on April 21, 2003).
14	*	Code of Ethics adopted May 3, 2004 (incorporated by reference to the Form 10KSB filed on May 26, 2004).
31	Attached	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Attached	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 SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ruairidh Campbell certify that:

1. I have reviewed this report on Form 10-QSB (“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: November 14, 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-QSB of Allied Resources, Inc. for the quarterly period ended September 30, 2007 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
November 14, 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.