

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

*(Mark One)*

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **March 31, 2009**.
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: **000-29321**

**ALLIED RESOURCES, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**000-31390**  
(I.R.S. Employer  
Identification No.)

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

**(801) 582-9609**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark 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  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

At May 15, 2009, the number of shares outstanding of the registrant's common stock, \$0.001 par value (the only class of voting stock), was 5,653,011.

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## **PART I – FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

As used herein, the terms “Allied,” “we,” “our,” “us,” “it,” and “its” refer to Allied Resources, Inc., a Nevada corporation, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-Q 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

<u>ASSETS</u>	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
Current assets:		
Cash	\$ 1,120,648	1,052,625
Accounts receivable	47,878	96,974
Total current assets	1,168,526	1,149,599
Oil and gas properties (proven), net (successful efforts method)	1,107,896	1,132,774
Deferred tax asset	881,000	867,000
Deposits	704,701	704,701
Total assets	\$ <u>3,862,123</u>	<u>3,854,074</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>  		
Current liabilities:		
Accounts payable	\$ <u>38,789</u>	<u>13,667</u>
Total current liabilities	38,789	13,667
Asset retirement obligation	171,051	168,955
Accrued tax liabilities	40,000	40,000
Total liabilities	<u>249,840</u>	<u>222,622</u>
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	9,752,275	9,742,618
Accumulated deficit	(6,145,645)	(6,116,819)
Total stockholders' equity	<u>3,612,283</u>	<u>3,631,452</u>
Total liabilities and stockholders' equity	\$ <u>3,862,123</u>	<u>3,854,074</u>

The accompanying notes are an integral part of these financial statements

ALLIED RESOURCES, INC  
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS  
Three Months Ended March 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Oil and gas revenues	\$ <u>162,409</u>	<u>293,829</u>
Operating expenses:		
Production costs	108,641	112,591
Depletion and amortization	24,878	28,876
General and administrative expenses	<u>75,232</u>	<u>53,367</u>
	<u>208,751</u>	<u>194,834</u>
Income (loss) from operations	(46,342)	98,995
Interest income	<u>3,516</u>	<u>3,528</u>
Income (loss) before provision for income taxes	(42,826)	102,523
Provision (benefit) for income taxes - deferred	<u>(14,000)</u>	<u>33,000</u>
Net income (loss)	<u>\$ (28,826)</u>	<u>69,523</u>
Income (loss) per common share - basic and diluted	<u>\$ (0.01)</u>	<u>0.01</u>
Weighted average common shares - basic and diluted	<u>5,653,000</u>	<u>5,653,000</u>

The accompanying notes are an integral part of these financial statements

ALLIED RESOURCES, INC  
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
Three Months Ended March 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Net income (loss)	\$ (28,826)	69,523
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depletion and amortization	24,878	28,876
Stock option compensation expense	9,657	-
Accretion expense	2,096	1,997
Deferred tax asset	(14,000)	33,000
(Increase) decrease in:		
Accounts receivable	49,096	(5,374)
Other assets	-	2,643
Increase (decrease) in:		
Accounts payable	25,122	20,962
Accrued liabilities	-	(5,600)
	<u>68,023</u>	<u>146,027</u>
 <u>Cash flows from investing activities:</u>	 <u>-</u>	 <u>-</u>
 <u>Cash flows from financing activities:</u>	 <u>-</u>	 <u>-</u>
 Net increase in cash	 68,023	 146,027
Cash, beginning of period	<u>1,052,625</u>	<u>441,130</u>
Cash, end of period	\$ <u><u>1,120,648</u></u>	<u><u>587,157</u></u>

The accompanying notes are an integral part of these financial statements

ALLIED RESOURCES, INC.  
CONDENSED NOTES TO UNAUDITED FINANCIAL STATEMENTS  
March 31, 2009

Note 1 – Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by management in accordance with the instructions in Form 10-Q 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-K for the year ended December 31, 2008, 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, 2009.

Note 2 – Additional Footnotes Included By Reference

There have been no material changes in the information disclosed in the notes to the financial statements included in the Company's Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission. Therefore, those footnotes are included herein by reference.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This *Management's Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly 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 subsection 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. Our fiscal year end is December 31. All information presented herein is based on the three month periods ended March 31, 2009.

### **ALLIED**

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.

#### **Discussion and Analysis**

Allied intends to continue to purchase non-operated oil and gas producing properties and acquire oil and gas leases that it can operate. Our criteria for purchasing oil and gas producing properties is defined by short term returns on investment, long term growth in revenue, and development potential, while our criteria for acquiring oil and gas leases is predicated on a proven record of historical production. The recent downturn in prices for energy has given rise to new opportunities to purchase interests in distressed oil and gas properties directly from banks and leasehold owners that might otherwise have been unavailable to us. Allied also believes that it can increase production and expand reserves by disposing of non-productive wells while improving the production capacity of existing wells.

Allied is considering the prospect of future exploration of the virtually untapped Marcellus shale formation that underlies our oil and gas interests in West Virginia, particularly in Ritchie County. Drilling in Ritchie County has indicated successful rates of recovery and our own open hole well logs indicate the presence of a potentially productive Marcellus shale at a depth of 6,000 feet. However, exploration of the Marcellus shale is tempered by the high risk/reward ratio of exploratory drilling in the near term based on anticipated pricing for natural gas over the next twelve to eighteen months.

#### ***West Virginia Well Information***

Allied owns varying interests in a total of 145 wells in West Virginia on several leases held by an independent operator. Some leases contain multiple wells. All the wells in which we have an interest are situated on developed acreage spread over 3,400 acres in Ritchie and Calhoun Counties. Depth of the producing intervals varies from 1,730 ft to 5,472 ft. Allied believes that operating in West Virginia has certain advantages over other locations, including:

- relatively inexpensive drilling and completion operations, and
- the absence of poisonous gas often associated with oil and gas production.

Many of our wells are situated on the same leases and as such share production equipment in order to minimize lease operating costs.



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 15.00% to 65.625%.

### ***Texas Well Information***

Allied owns varying interests in a total of 13 wells in Texas on four leases held by independent operators. All the wells in which we have an interest are situated on developed acreage spread over 2,510 acres in Goliad, Edwards and Jackson Counties. Depth of the producing intervals varies from 7,600 ft to 9,600 ft.

Our working interest is defined as interest in oil and gas that includes responsibility for all drilling, developing, and operating costs varying from 3.73% to 21%. Our net revenue interest is defined as that portion of oil and gas production revenue after deduction of royalties, varying from 2.68% to 12.75%.

Allied's business development strategy is prone to significant risks and uncertainties certain of which can have an immediate impact on its efforts to maintain positive net cash flow and deter future prospects of expanding operations. The recent downturn in the prices paid for oil and natural gas is one good example of uncertainties associated with the energy sector. Another example is the uncertainty associated with production volumes as older wells deplete over time. Allied can provide no assurance that current operations will continue to produce sufficient cash flows to maintain its business. Should Allied be unable to generate sufficient cash flow it may have to sell assets or seek debt or equity financing to continue operations.

### **Results of Operations**

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 oil and natural gas prices and production quantities. Since production leads to the depletion of oil and gas reserves, Allied's ability to develop or acquire economically recoverable oil and gas reserves is vital to continued operations. Unless Allied continues to obtain additional reserves, declines in production will eventually lead to significant decreases in revenue.

During the three month period ended March 31, 2009 Allied was focused on overseeing the operation of its oil and gas assets by independent operators, evaluating opportunities for the development or acquisition of additional oil and gas assets and seeking out available oil and gas leases.

THREE MONTHS ENDED MARCH 31		2009		2008	CHANGE #	CHANGE %
<b>AVERAGE DAILY PRODUCTION</b>						
Oil (bbls/day)		3		10	(7)	-70%
Natural gas (mcf/day)		261		322	(61)	-19%
Barrels of oil equivalent (boe/day)		47		64	(17)	-27%
<b>PROFITABILITY</b>						
Petroleum and natural gas revenue	\$	162,409	\$	293,829	(131,420)	-45%
Net Revenue		162,409		293,829	(131,420)	-45%
Production and operating costs		108,641		112,591	(3,950)	-4%
Field netback		53,768		181,238	(127,470)	-70%
G&A		75,232		53,367	21,865	41%
Depletion, depreciation and other charges		24,878		28,876	(3,998)	-14%
Future income taxes		-		-	-	0%
Net earnings from operations	\$	(46,342)	\$	98,995	(145,337)	-147%
<b>PROFITABILITY PER BOE</b>						
Oil and gas revenue (average selling price)		38.81		50.72	(11.91)	-23%
Production and operating costs		25.96		19.43	6.53	34%
Field netback (\$/boe)		12.85		31.28	(18.43)	-59%
Net earnings (\$/boe)		(11.07)		17.09	(28.16)	-165%
Cash flow from operations (\$/boe)		(5.13)		22.07	(27.20)	-123%

### *Net Revenue*

Net revenue for the three month period ended March 31, 2009 decreased to \$162,409 from \$293,829 for the comparable period ended March 31, 2008, a decrease of 45%. The decrease in gross revenue in the current three month periods is due to the 23% decline in the average selling price for oil and natural gas over the comparative periods and decreases in oil and natural production. The decrease in oil and natural gas production is due to a combination of maintenance on the Harper #2 well and the Brinkoeter #4 wells in Texas and depletion of production from aging wells.

Allied anticipates that net revenue will increase in the near term as prices paid for oil and gas are again on the rise and the Texas wells affected by maintenance procedures are now back online.

### *Net Loss/Income*

Net loss, after provision of an income tax benefit, for the three month period ended March 31, 2009 was \$28,826, as compared to net income, after provision for income taxes, of \$69,523 for the comparable period ended March 31, 2008. The transition to net loss in the current three month period can be primarily attributed to the decrease in oil and gas revenues. Management expects to return to net income in the near term in line with the rise in energy prices and anticipated increases in production.

### ***Expenses***

General and administrative expenses for the three month period ended March 31, 2009 increased to \$75,232 from \$53,367 for the comparable period ended March 31, 2008, an increase of 41%. The increase in general administrative expenses over the three month periods can be primarily attributed to an increase in consulting fees and stock option expenses. Allied anticipates that general and administrative expenses will remain relatively consistent over future periods.

Depletion expenses for the three month periods ended March 31, 2009, and March 31, 2008 were \$24,878 and \$28,876 respectively.

Production costs for the three month periods ended March 31, 2009, and March 31, 2008 were \$108,641 and \$112,591 respectively, a decrease of 4%. Production costs include the cost of maintaining the wells, severance taxes, miscellaneous expenses for soap, solvent, gasoline or electricity and expenses such as those incurred in swabbing, dozer work or rig time. The decrease in production costs over the current three month periods can be attributed to decreased production. Allied expects that production expenses will increase over future periods as the ages of our wells increase and production returns to normal levels.

### ***Income Tax Expense***

As of December 31, 2008 Allied has a net operating loss (NOL) carry forwards of approximately \$2,433,000. 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 three month period ended March 31, 2009 was \$68,023 as compared to cash flow provided by operations of \$146,027 for the comparable period ended March 31, 2008. The decrease in cash flow provided by operations in the current period can be attributed to a net loss. Allied expects that cash flow provided by operations will increase in the near term upon returning to net income from operations.

Cash flow used in investing activities for the three month periods ended March 31, 2009 and March 31, 2008 was \$0. Allied expects to use cash flow in investing activities over future periods as the company evaluates existing wells, identifies exploration opportunities and considers additional acquisitions.

Cash flow from financing activities for the three month periods ended March 31, 2009 and March 31, 2008 was \$0. Allied does not expect to realize cash flow in financing activities in the near term.

Allied has a working capital surplus of \$1,129,737 as of March 31, 2009 and has funded its cash needs since inception with revenues generated from operations, debt instruments and private equity placements. Existing working capital and anticipated cash flow are expected to be sufficient to fund operations over the remainder of 2009.

Since earnings are reinvested in operations, cash dividends are not expected to be paid in the foreseeable future.

Allied had no lines of credit or other bank financing arrangements.

Commitments for future capital expenditures were not material at quarter-end.

Allied has adopted a stock option plan pursuant to which it can grant up to 750,000 options to purchase shares of its common stock to employees, directors, officers, consultants or advisors of the Company on the terms and conditions set forth therein. As of March 31, 2009, 600,000 options had been granted.

Allied has entered into an agreement with its chief executive officer that provides for a five year term, effective July 1, 2008, that includes a monthly fee and participation in Allied's stock option plan.

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.

### ***Off Balance Sheet Arrangements***

As of March 31, 2009, Allied has no significant 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 are 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 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;
- 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 that is required by law.

### ***Stock-Based Compensation***

We have adopted SFAS No. 123 (revised 2004) (SFAS No. 123R), Share-Based Payment, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

We account for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123R and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

### ***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.

### ***Critical Accounting Policies***

In Note 1 to the audited financial statements for the years ended December 31, 2008 and 2007, included in our Form 10-K, Allied discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. Allied believes that the accounting principles utilized by it conform to accounting principles generally accepted in the United States.

The preparation of financial statements requires Allied's management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, Allied evaluates estimates. Allied bases its estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

### ***Recent Accounting Pronouncements***

In May 2008, the FASB issued SFAS 163 which clarifies how SFAS 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. We are currently reviewing the effect, if any, that the adoption of this statement will have on our financial statements.

In May 2008, the FASB issued SFAS 162 which identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of non-governmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). We are currently reviewing the effect, if any, that the adoption of this statement will have on our financial statements.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required.

### **ITEM 4T. CONTROLS AND PROCEDURES**

#### ***Evaluation of Disclosure Controls and Procedures***

In connection with the preparation of this report on Form 10-Q, an evaluation was carried out by Allied's management, with the participation of the chief executive officer and the chief financial officer, of the effectiveness of Allied's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act")). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, Allied's management concluded, as of the end of the period covered by this report, that Allied's disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission's rules and forms.

#### ***Changes in Internal Control over Financial Reporting***

There have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the period ended March 31, 2009, that materially affected, or are reasonably likely to materially affect, Allied's internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

None.

### ITEM 1A. RISK FACTORS

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 quarterly 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 might lose all or part of your investment.

#### **Risks Related to Allied's Business**

*We have a history of significant operating losses, which losses may continue to reoccur.*

Since our inception in 1979, our expenses have often exceeded our income, resulting in losses and an accumulated deficit of \$6,145,645 at March 31, 2009. We recorded a net loss of \$28,826 for the three month period ended March 31, 2009 and may continue to realize net losses if revenues do not increase. Our expectation of an increase in revenue depends on higher energy prices and additional production from exploration, development or acquisition. Allied's success in this continued 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 it produces, defined reserves will decline, resulting in a decrease in oil and natural gas production, that will produce lower revenues, in turn decreasing cash flows from operations. Allied has historically obtained the majority of its reserves through acquisition. 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 if cash flows from operations are reduced, and access to external sources of capital is unavailable. Should Allied not make significant capital expenditures to increase reserves it will not be able to maintain current production rates and expenses will overtake revenue.

***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 third parties to produce revenue from our assets could restrict our ability to continue generating a net profit on operations.

### **Risks Related to Allied's Stock**

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

The market for our common stock is limited due to low trading volumes and the small number of brokerage firms acting as market makers. 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. Due to these limitations there is volatility in the market price and tradability of our stock, which may cause our shareholders difficulty in selling their shares in the market place.

***We incur significant expenses as a result of the Sarbanes-Oxley Act of 2002, which expenses may continue to negatively impact our financial performance.***

We incur significant legal, accounting and other expenses as a result of the Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission, which control the corporate governance practices of public companies. 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, has substantially increased our expenses, including legal and accounting costs, and made some activities more time-consuming and costly. Further, expenses related to our compliance may increase in the future, as legislation affecting smaller reporting companies comes into effect that may negatively impact our financial performance to the point of having a material adverse effect on our results of operations and financial condition.



***Our internal controls over financial reporting may not be considered effective in the future, 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 we are required to furnish a report by our management on our internal controls over financial reporting. Such report must 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 continue to assert that our internal controls are effective, our shareholders could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

***Allied does not pay dividends.***

Allied has not paid dividends on its common stock since inception and has no present intention of paying dividends in the foreseeable future. Any future dividends would be at the discretion of our board of directors and would depend on, among other things, future earnings, our operating and financial condition, our capital requirements, and general business conditions. Shareholders should not expect any direct cash flow from maintaining their investment in Allied stock.

***Allied may require additional capital funding.***

There can be no guarantee that we will not require additional funds, either through additional equity offerings or debt placements, in order to expand our operations. Such additional capital may result in dilution to our current shareholders. Further, our ability to meet short-term and long-term financial commitments will depend on future cash. There can be no assurance that future income will generate sufficient funds to enable us to meet our financial commitments.

***If the market price of our common stock declines as the selling security holders sell their stock, selling security holders or others may be encouraged to engage in short selling, depressing the market price.***

The significant downward pressure on the price of the common stock as the selling security holders sell material amounts of common stock could encourage short sales by the selling security holders or others. Short selling is the selling of a security that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller. Short sellers assume that they will be able to buy the stock at a lower amount than the price at which they sold it short. Significant short selling of a company's stock creates an incentive for market participants to reduce the value of that company's common stock. If a significant market for short selling our common stock develops, the market price of our common stock could be significantly depressed.

***Allied's shareholders may face significant restrictions on their stock.***

Allied's stock differs from many stocks in that it is a "penny stock." The Commission has adopted a number of rules to regulate "penny stocks" including, but not limited to, those rules from the Securities Act as follows:

3a51-1	which defines penny stock as, generally speaking, those securities which are not listed on either NASDAQ or a national securities exchange and are priced under \$5, excluding securities of issuers that have net tangible assets greater than \$2 million if they have been in operation at least three years, greater than \$5 million if in operation less than three years, or average revenue of at least \$6 million for the last three years;
15g-1	which outlines transactions by broker/dealers which are exempt from 15g-2 through 15g-6 as those whose commissions from traders are lower than 5% total commissions;
15g-2	which details that brokers must disclose risks of penny stock on Schedule 15G;
15g-3	which details that broker/dealers must disclose quotes and other information relating to the penny stock market;
15g-4	which explains that compensation of broker/dealers must be disclosed;
15g-5	which explains that compensation of persons associated in connection with penny stock sales must be disclosed;
15g-6	which outlines that broker/dealers must send out monthly account statements; and
15g-9	which defines sales practice requirements.

Since Allied's securities constitute a "penny stock" within the meaning of the rules, the rules would apply to us and our securities. Because these rules provide regulatory burdens upon broker-dealers, they may affect the ability of shareholders to sell their securities in any market that may develop; the rules themselves may limit the market for penny stocks. Additionally, the market among dealers may not be active. Investors in penny stock often are unable to sell stock back to the dealer that sold them the stock. The mark-ups or commissions charged by the broker-dealers may be greater than any profit a seller may make. Because of large dealer spreads, investors may be unable to sell the stock immediately back to the dealer at the same price the dealer sold the stock to the investor. In some cases, the stock may fall quickly in value. Investors may be unable to reap any profit from any sale of the stock, if they can sell it at all.

Shareholders should be aware that, according to Commission Release No. 34-29093 dated April 17, 1991, the market for penny stocks has suffered from patterns of fraud and abuse. These patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS ON 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 S-K are listed in the Index to Exhibits on page 21 of this Form 10-Q, and are incorporated herein by this reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

*Allied Resources, Inc.*

*Date*

/s/ Ruairidh Campbell

May 15, 2009

Ruairidh Campbell

Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and Director

## INDEX TO EXHIBITS

<i>Exhibit</i>	<i>Description</i>
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)	Consulting Agreement between Allied and Ruairidh Campbell dated July 1, 2008 (incorporated by reference to the Form 10-Q filed on November 14, 2008).
14 *	Code of Ethics adopted May 3, 2004 (incorporated by reference to the Form 10-KSB filed on May 26, 2004).
31	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 (attached).
32	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 (attached).
99*	Allied Resources, Inc. 2008 Stock Option Plan (incorporated by reference to the Form 10-Q filed on November 14, 2008).
	* Incorporated by reference to previous filings of Allied.

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-Q 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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our 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
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 15, 2009

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

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-Q of Allied Resources, Inc. for the quarterly period ended March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof, 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 and belief:

- (1) This report fully 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 registrant at the end of the period covered by this report and results of operations of the registrant for the period covered by this report.

Date: May 15, 2009

/s/ Ruairidh Campbell

Ruairidh Campbell

Chief Executive Officer and Chief Financial Officer

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

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