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

FORM 10-K

(Mark One)
☑**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended **December 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: **000-31390**

ALLLIED RESOURCES, INC.

(Exact name of registrant 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 offices) (Zip Code)

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

Securities registered under Section 12(b) of the Act: none.

Securities registered under Section 12(g) of the Act: common stock (title of class), $0.001 par value.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☐ No ☑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Smaller reporting company ☑

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

The aggregate market value of the registrant's common stock, $0.001 par value (the only class of voting stock), held by non-affiliates (3,573,011 shares) was approximately $2,072,346 based on the average closing bid and ask prices ($0.58) for the common stock on April 14, 2010.

At April 14, 2010 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

ITEM 1. BUSINESS

As used herein the terms "Allied," "we," "our," "us," refer to Allied Resources, Inc., and our predecessors, unless the context indicates otherwise.

Corporate History

Allied was incorporated as "General Allied Oil and Gas Co" on April 15, 1979 in West Virginia. The company's name was changed to "Allied Resources, Inc." on August 12, 1998. On February 26, 2002, we incorporated a new company by the name of "Allied Resources, Inc." in Nevada for the purpose of merging the West Virginia company with the Nevada company. The transaction resulted in the Nevada company surviving the merger as the sole remaining entity. The purpose of the transaction was to remove Allied's domicile to a jurisdiction with tested corporate legislation and to reduce corporate maintenance costs. The merger was completed on April 5, 2002. Pursuant to the merger, shareholders of the West Virginia corporation received one share of the Nevada corporation for each share held in the West Virginia corporation.

Allied's principal place of business is located at 1403 East 900 South, Salt Lake City, Utah, 84105. Our telephone number is (801) 582-9609. Our registered statutory office is located at The UPS Store 1650, 3395 South Jones Boulevard, Las Vegas, Nevada 89146.

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

The Company

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.

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%. The distribution of our interests in West Virginia oil and gas leases is detailed below:

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

West Virginia Operator

Our West Virginia wells are maintained and operated by Allstate Energy Corporation ("Allstate"), a local operator, under the terms of an operating agreement. Allstate maintains an interest in each of our wells.

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

Allstate has established, pursuant to the operating agreement, as amended, an interest bearing escrow account, whereby it has withheld up to 25% of the net income on each of our wells up to $5,000, to be used for capital improvement of the wells or if necessary plugging. The escrow account is currently fully funded to the extent provided by agreement.

West Virginia Acquisitions

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

Texas Well Information

Beginning in 2007 Allied embarked on an acquisition program to increase oil and gas reserves by purchasing non-operated interests in oil and gas producing properties within the United States. The defined criteria for selecting acquisitions includes short term return on investment, long term growth in cash flows, and development potential.

Allied owns varying interests in a total of 12 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 3.9388% to 12.75%. The distribution of our interests in Texas oil and gas leases is detailed below:

Texas Oil and Gas Leases			
Well Name	*% Working Interest*	*% Net Revenue Interest*	*Operator*
Harper #2	5.4221	3.9388	Hankey Oil Company
Holman-Fagan 24-1	5.4375	4.2323	Marshall & Winston
Holman-Fagan 24-2	5.4375	4.2323	Marshall & Winston
Holman-Fagan 41-1	5.4375	4.2323	Marshall & Winston
Holman-Fagan 41-2	5.4375	4.2323	Marshall & Winston
Holman-Fagan 42-1	5.4375	4.2323	Marshall & Winston
Holman-Fagan 42-2	5.4375	4.2323	Marshall & Winston
Holman-Fagan 43-1	5.4375	4.2323	Marshall & Winston
Holman-Fagan 46-1	5.4375	4.2323	Marshall & Winston
Holman-Fagan 46-2	5.4375	4.2323	Marshall & Winston
Williams #1	3.73	2.68	Magnum Producing, LP
Brinkoeter #4	21.00	12.75	Marquee Corporation

Texas Operators

Each of our Texas acquisitions has a different operator. A brief description of the operators is as follows:

- Hankey Oil Company of Houston, Texas, was founded in 1981. Since inception they focused their efforts on the Texas Gulf Coast. Hankey utilizes a 3D geophysical workstation technology to develop their drilling prospects.
- Magnum Producing, LP of Corpus Christi, Texas, has been operation along South Texas and the Gulf Coast since the mid-1980s. Magnum has 15 employees and operates approximately 150 wells.
- Marquee Corporation of Houston, Texas, became involved in the oil and gas business in 1981. Marquee has 4 full-time employees operating approximately 100 wells. Zinn Petroleum Co. is the operating arm of the company.
- Marshall & Winston, Inc. of Midland, Texas, began as a royalty company in 1928. Marshall currently operates approximately 100 wells in and around the Midland area, and has 14 employees.

Texas Acquisitions

On May 1, 2007 Allied acquired an interest in the Harper #2 well located within the Ramon Musquiz Survey, A-29, Goliad, Texas from Spanish Moss Energy Company, LLC. The Harper #2 well is operated by Hankey Oil Company and produces oil and gas from the Wilcox formation.

On August 1, 2007 Allied acquired interests in the ten properties located in Sections 24, 41, 42 and 46 of the CCSD & RGNG RR Co. Survey, Edwards County, Texas from Rischco Energy, Inc. The acquisition included an interest in the pipeline gathering system connected to five of the wells. The properties are operated by Marshall & Winston, Inc. and produces oil and gas from the Frances Hill (Penn Lower) field in the Canyon Sands formation.

On October 1, 2007 Allied acquired an interest in the Williams #1 well located within the John Alley Survey, A-3, Jackson County, Texas from Benchmark Oil and Gas Company. The Williams #1 well is operated by Magnum Producing, LP and produces oil and gas from the Wilcox formation.

On October 1, 2007 Allied acquired an interest in the Brinkoeter #4 well located within the V. Ramos Survey, A-241, Goliad County, Texas from Tyner Exploration, Inc. and Clendon B. Caire. The Brinkoeter #4 well is operated by Marquee Corporation and produces oil and gas from the Massive formation.

Allied's oil and gas interests combined in West Virginia and in Texas in the aggregate currently produce on average of 142 STBO and 8,446 MCFG per month.

Exploration, Development and Operations

Allied intends to continue to purchase non-operated oil and gas producing properties, acquire oil and gas leases that it will operate and implement improved production efficiencies on existing wells. 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 and our own capacity to operate any given field. The recent downturn in prices for energy have given rise to new opportunities to purchase interests in distressed oil and gas properties directly from banks and leasehold owners. Our cash position will enable us to consider more prospectively productive properties that might otherwise have been unavailable to us before the decline in energy prices.

We are further considering future prospects for exploration of the virtually untapped Marcellus shale formation that underlies Allied's oil and gas interests in West Virginia, particularly in Ritchie County. The Marcellus Shale is a black shale of middle Devonian age that has formed under much of Pennsylvania, Ohio, New York, West Virginia and adjacent states to become a prospectively major reservoir for natural gas recovery. Drilling by other operators in Ritchie County has indicated successful rates of recovery and our own open hole well logs indicate the presence of potentially productive Marcellus shale at a depth of 6,000 feet. However, since exploration of the Marcellus shale in our area is relatively recent no natural gas reserves underlying our interests have been determined. Our future plans for exploring the Marcellus shale are further tempered by the high risk/reward ratio of exploratory drilling at the near term based on anticipated pricing for natural gas over the next twelve to eighteen months.

Competition

The exploration for and development and production of oil and gas is subject to intense competition. The principal methods of competition in the industry for the acquisition of oil and gas leases are:

- the payment of cash bonuses at the time of acquisition of leases,
- delay rentals,
- location damage supplement payments, and
- stipulations requiring exploration and production commitments by the lessee.

Companies with greater financial resources, existing staff and labor forces, equipment for exploration, and experience are in a better position than us to compete for such leases. In addition, our ability to market any oil and gas which we might produce could be severely limited by our inability to compete with larger companies operating in the same area, which may be willing or able to offer oil and gas at a lower price. In addition, the availability of a ready market for oil and gas will depend upon numerous factors beyond our control, including:

- the extent of domestic production and imports of oil and gas,
- proximity and capacity of pipelines,
- the effect of federal and state regulation of oil and gas sales, and
- environmental restrictions on exploration and usage of oil and gas prospects that will become even more intense in the future.

Competition in West Virginia

Allied competes against over 500 independent companies in West Virginia, many with greater financial resources and larger staffs than those available to us. Operators such as Exxon, Shell Oil, Conoco-Phillips and others considered major players in the oil and gas industry no longer operate any significant interests in West Virginia. However, West Virginia hosts approximately 40 significant independent operators including NiSource, Equitable, Energy Corporation of America, Cabot Oil and Gas, and Dominion Appalachian with over 450 smaller operations with no single producer dominating the area.

Competition in Texas

The situation in Texas is somewhat different, where Allied competes against thousands of companies. There continue to be numerous major players, including Occidental Permian, Kinder Morgan, Apache, Chevron, Conoco-Phillips, and BP America operating in Texas. While these major players do not dominate the areas in which we have interests, several of the counties do have significant producers.

There are several significant independent gas producers in Edwards County, including Newfield Exploration, Dominion Oklahoma, and Range Production. Only a few oil producers operate in Edwards County. Our Edwards County operator, Marshall & Winston, Inc., is one of the largest gas and oil producers in the county.

There are numerous significant independent oil and gas producers in Goliad County, including Petrohawk Operating, Chesapeake Operating, T-C Oil, Ventex Operating, Charro Operating, and KCS Resources.

There are several significant gas producers in Jackson County, including Tri-C Resources, Cypress E & P, Jamex, Vintage Petroleum, and Cox & Perkins Exploration. There are several significant oil producers in Jackson County, including Vintage Petroleum, Hilcorp Energy, Sue-Ann Operating, Premier Natural Resources, and SE USA Operating.

We believe that we can successfully compete against the independent companies in the near term by focusing our efforts on minimizing corporate expenses, efficiently developing current lease interests, acquiring distressed producing oil and gas leases for future development, cautious exploration activities based on current interests and a transition to operations for prospective acquisitions. Otherwise, Allied has a minimal competitive position in the oil and gas industry.

Marketability

The products sold by Allied, natural gas and crude oil, are commodities purchased by many distribution and retail companies. Crude oil can be easily sold whenever it is produced subject to transportation cost. The crude oil produced on our behalf is transported by truck from the collection points to the purchaser. Natural gas on the other hand can be more difficult to sell since transportation from point of production to the purchaser requires a pipeline. Most of our current gas production interests are transported by pipelines owned by the purchasers. We own an interest in the pipeline gathering system connected to five of our wells in Edwards County, Texas.

Allstate sells our gas production interest in West Virginia to three main purchasers, Dominion Field Services, and Equitable Resources, and Mountaineer Gas Co. The gas is sold utilizing two different forms of contracts. One, characterized as a fixed contract that determines a certain price for gas over a fixed period of time, usually 90 days and a spot price contract, which markets the production to the purchaser willing to pay the highest price for the production on a month to month basis at prices ranging from $1.75 per MCF (fixed contract price) to $8.71 per MCF during the year ended 2009. Any gas production not sold according to fixed gas purchase agreements is sold on the spot price market. Allstate had fixed contracts with Dominion Field Services.

Allstate sells our oil production interest to West Virginia Oil Gathering at the market price on the day of pick up. Prices for oil production ranged from $31.97 per bbl to $71.02 per bbl during the year ended December 31, 2009.

Our independent Texas operators (Hankey, Marquee, and Magnum) sell our oil production to certain purchasers including Gulfmark Energy (Hankey), Shell Trading Company (Magnum) and TEPCCO Crude Oil LP (Marquee) at prices determined by base or spot pricing as a percentage of the oil index price. The sale prices for Allied's oil production interests in Texas during 2009 varied significantly between $33.31 and $76.16 per barrel over the period.

Gas and gas condensate is sold to Houston Energy Services Company LLC (Hankey), BML, Inc., and Enterprise Products Partners LP (Winston), Acock Operating Limited (Magnum) and dcpMidstream LP at prices determined by the Houston Ship Channel price or spot pricing less pipeline carrying costs and dehydration fees as applicable. The sale prices for Allied's gas production in Texas fluctuated between $2.61 and $7.64 in 2009.

Governmental and Regulation of Exploration and Production

Allied's oil and gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal and state agencies. Operations, which sometimes occur on public lands, may be subject to regulation by, among other state and federal agencies, the Bureau of Land Management, the U.S. Army Corps of Engineers or the U.S. Forest Service. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases our cost of doing business and affects our profitability. Because such rules and regulations are frequently amended or interpreted differently by regulatory agencies, we are unable to accurately predict the future cost or impact of complying with such laws.

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

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

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

Allied currently operates under and holds no patents, trademarks, licenses, franchises, or concessions. Allied is not subject to any labor contracts. Each of Allied's interests are subject to royalty payments.

Environmental Regulation

The recent trend in environmental legislation and regulation has been generally toward stricter standards, and this trend will likely continue. Allied does not presently anticipate that we will be required to expend amounts relating to our oil and gas production operations that are material in relation to our total capital expenditure program by reason of environmental laws and regulations. However, because such laws and regulations are subject to interpretation by enforcement agencies and are frequently changed by legislative bodies, Allied is unable to accurately predict the ultimate cost of such compliance for 2009.

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

The following environmental laws and regulatory programs appeared to be the most significant to Allied's operations in 2009, and are expected to continue to be significant in 2010:

Clean Water and Oil Pollution Regulatory Programs

The Federal Clean Water Act ("CWA") regulates discharges of pollutants to surface waters. The discharge of crude oil and petroleum products to surface waters also is precluded by the Oil Pollution Act ("OPA"). Our operations are inherently subject to accidental spills and releases of crude oil and drilling fluids that may give rise to liability to governmental entities or private parties under federal, state or local environmental laws, as well as under common law. Minor spills occur from time to time during the normal course of Allied's production operations. We maintain spill prevention control and countermeasure plans ("SPCC plans") for facilities that store large quantities of crude oil or petroleum products to prevent the accidental discharge of these potential pollutants to surface waters. As of December 31, 2009, we have undertaken all investigative or remedial work required by governmental agencies to address potential contamination by accidental spills or discharges of crude oil or drilling fluids.

Clean Air Regulatory Programs

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

Waste Disposal Regulatory Programs

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

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

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

West Virginia Division of Environmental Protection Office of Oil and Gas

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

The Railroad Commission of Texas, Oil and Gas Division

The Railroad Commission of Texas, through its Oil and Gas Division, works to prevent the waste of oil, gas, and geothermal resources and to prevent the pollution of fresh water from oil and gas operations. The division issues drilling permits and reviews and approves oil and gas well completions. It also regulates underground injection of fluids in oil field operations, a program approved by the U.S. Environmental Protection Agency under the Federal Safe Drinking Water Act. The division further oversees well plugging operations, site remediation, underground hydrocarbon storage, and hazardous waste management. Allied believes that all wells in which we have an interest are operated in a manner that is in compliance the division.

Health and Safety Regulatory Programs

Allied’s operations also are subject to regulations promulgated by the Occupational Safety and Health Administration (“OSHA”) regarding worker and work place safety. We have been assured that our independent operators currently provide health and safety training and equipment to their employees and have adopted corporate policies and procedures to comply with OSHA’s workplace safety standards.

Climate Change Legislation and Greenhouse Gas Regulation

Many studies over the past couple decades have indicated that emissions of certain gases contribute to warming of the Earth’s atmosphere. In response to these studies, many nations have agreed to limit emissions of “greenhouse gases” or “GHGs” pursuant to the United Nations Framework Convention on Climate Change, and the “Kyoto Protocol.” Although the United States elected not to participate in the Kyoto Protocol, several states have adopted legislation and regulations to reduce emissions of greenhouse gases. Restrictions on emissions of methane or carbon dioxide that may be imposed in various nations and states could adversely affect our operations and demand for our products.

The United States Supreme Court has ruled, in *Massachusetts, et al. v. EPA*, that the EPA abused its discretion under the Clean Air Act by refusing to regulate carbon dioxide emissions from mobile sources. As a result of the Supreme Court decision the EPA issued a finding that serves as the foundation under the Clean Air Act to issue other rules that would result in federal greenhouse gas regulations and emissions limits under the Clean Air Act, even without Congressional action. As part of this array of new regulations the EPA also issued a GHG monitoring and reporting rule that requires certain parties, including participants in the oil and natural gas industry, to monitor and report their GHG emissions, including methane and carbon dioxide, to the EPA. These regulations may apply to our operations. The EPA has proposed two other rules that would regulate GHGs, one of which would regulate GHGs from stationary sources, and may affect sources in the oil and natural gas exploration and production industry and the pipeline industry. The EPA's finding, the greenhouse gas reporting rule, and the proposed rules to regulate the emissions of greenhouse gases would result in federal regulation of carbon dioxide emissions and other greenhouse gases, and may affect the outcome of other climate change lawsuits pending in United States federal courts in a manner unfavorable to our industry.

Acts of Congress, particularly such as the "American Clean Energy and Security Act of 2009," also known as the "Waxman-Markey cap-and-trade legislation," approved by the United States House of Representatives on June 26, 2009, as well as the decisions of lower courts, large numbers of states, and foreign governments which affect climate change regulation could have a material adverse effect on our business, financial condition, and results of operations.

Exploration Activities

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

Employees

Allied has engaged its chief executive officer, Ruairidh Campbell, and one other support person, on a part time basis. Mr. Campbell spends approximately 20 hours a week providing services to Allied. Our independent operators are responsible for conducting oil and gas operations tied to our interests. Management uses oil and gas consultants, attorneys, and accountants as necessary and does not plan to engage any full-time employees in the near future.

Reports to Security Holders

The Company's annual report contains audited financial statements. We are not required to deliver an annual report to security holders and will not automatically deliver a copy of the annual report to our security holders unless a request is made for such delivery. We file all of our required reports and other information with the Securities and Exchange Commission (the "Commission"). The public may read and copy any materials that are filed by the Company with the Commission at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The statements and forms filed by us with the Commission have also been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at *http://www.sec.gov*.

ITEM 1A. RISK FACTORS

Allied's operations and securities are subject to a number of risks. Below we have identified and discussed the material risks that we are likely to face. Should any of the following risks occur, they will adversely affect our operations, business, financial condition and/or operating results as well as the future trading price and/or the value of our securities.

Risks Related to the Company's Business

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 $6,092,864 at December 31, 2009. Although we have recorded net income of $23,955 for the twelve month period ended December 31, 2009, we may return to operating losses in the future as revenues decline as the result of depleted oil and gas resources and price decreases, combined with the increased operating expenses that can be anticipated from aging wells. Our expectation of continued profitability depends on an increase in current energy prices and our ability to increase production through 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 its 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.

Climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil and natural gas that we produce.

On December 15, 2009, the U.S. Environmental Protection Agency ("EPA") officially published its findings that emissions of carbon dioxide, methane and other "greenhouse gases" present an endangerment to human health and the environment because emissions of such gases are contributing to warming of the Earth's atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of greenhouse gases under existing provisions of the federal Clean Air Act. In late September 2009, the EPA had proposed two sets of regulations in anticipation of finalizing its findings that would require a reduction in emissions of greenhouse gases from motor vehicles and that could also lead to the imposition of greenhouse gas emission limitations in Clean Air Act permits for certain stationary sources. In addition, on September 22, 2009, the EPA issued a final rule requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the United States beginning in 2011 for emissions occurring in 2010. The adoption and implementation of any regulations over greenhouse gases could require us to incur costs to reduce emissions of greenhouse gases associated with our operations or could adversely affect demand for the oil and natural gas that we produce.

On June 26, 2009, the U.S. House of Representatives passed the "American Clean Energy and Security Act of 2009," or "ACESA," which would establish an economy-wide cap-and-trade program to reduce U.S. emissions of greenhouse gases including carbon dioxide and methane. ACESA would require a 17% reduction in greenhouse gas emissions from 2005 levels by 2020 and just over an 80% reduction of such emissions by 2050. Under this legislation, the EPA would issue a capped and steadily declining number of tradable emissions allowances to certain major sources of greenhouse gas emissions so that such sources could continue to emit greenhouse gases into the atmosphere. These allowances would be expected to escalate significantly in cost over time. The net effect of ACESA will be to impose increasing costs on the combustion of carbon-based fuels such as oil, refined petroleum products, and natural gas. The U.S. Senate has begun work on its own legislation for restricting domestic greenhouse gas emissions and the President Obama Administration has indicated its support of legislation to reduce greenhouse gas emissions through an emission allowance system. Although it is not possible at this time to predict when the Senate may act on climate change legislation or how any bill passed by the Senate would be reconciled with ACESA, any future federal laws or implementing regulations that may be adopted to address greenhouse gas emissions could adversely affect demand for the oil and natural gas that we produce.

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 the Company'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 has not paid dividends to the shareholders of its common stock.

Allied has not paid any dividends to the shareholders of its common stock and has no 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.

Allied may require additional capital funding.

Allied may 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 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Ritchie and Calhoun Counties, West Virginia

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

Goliad, Edwards and Jackson Counties, Texas

Allied currently realizes production in Texas from a total of 13 oil and gas wells with working interests ranging from 3.73% to 21% and net revenue interests varying from 2.68% to 12.75%, after deduction of royalties, in a total of 13 wells on four leases.

Annual Oil and Gas Production – West Virginia &Texas			
	2009	*2008*	*2007*
Natural Gas	101,360 MCF	112,420 MCF	110,750 MCF
Oil	1,714 STB	3,650 STB	2,332 STB
Average production costs (VW)*	$3.70 / MCFE	$3.16 / MCFE	$2.59 / MCFE
Average production costs (TX)*	$1.83 / MCFE	$1.54 / MCFE	$1.53 / MCFE

* includes lifting costs, maintenance costs, and severance taxes

Productive Wells and Acreage

Ritchie and Calhoun Counties, West Virginia

Allied owns 145 gross wells and 101 net wells in West Virginia as of December 31, 2009. The wells are located on 3,400 gross acres and approximately 2,377 net acres. Allied has no plans at this time to purchase or drill additional wells in West Virginia.

Goliad, Edwards and Jackson Counties, Texas

Allied owns 12 gross wells and 0.83 net wells in Texas as of December 31, 2009. The wells are located on 2,510 gross acres and approximately 206.45 net acres. Allied has no plans at this time to purchase or drill additional wells in Texas.

Drilling Activity

Allied has drilled no productive or dry exploratory or developmental wells in the last three fiscal years.

Present Activities

As of the date of this current report on 10-K, Allied is not in the process of drilling wells, installing waterfloods, performing pressure maintenance operations, or performing any other related operations of material importance.

Delivery Commitments

Allied is not obligated to provide a fixed and determinable quantity of oil or gas in the near future under existing contracts or agreements.

Undeveloped Acreage

All acreage on which Allied maintains an interest in oil and gas wells is to be considered developed acreage.

Undeveloped acreage is considered to be those lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves. Undeveloped acreage should not be confused with undrilled acreage held by production under the terms of a lease.

Oil and Gas Reserves

Oil and gas reserves for our properties have been evaluated as of December 31, 2009 and 2008 by Sure Engineering LLC.

Sure Engineering LLC. was founded in 1997 by Dr. Nafi Onat to provide a variety of engineering services to the oil and gas industry including the design of well completions and optimizations, the preparation of reserve evaluations, secondary recovery plans, well testing and interpretation. Dr. Onat obtained a Bachelor of Science and Master of Science Degrees in Petroleum Engineering from the Middle East Technical University in Ankara, Turkey and a Doctorate (PhD) in Petroleum Engineering from the Colorado School of Mines in Golden, Colorado. Since obtaining his PhD, Dr. Onat has worked within the oil and gas industry for over thirty years.

Dr. H. I. Bilgesu, who works as a consulting engineer for Sure Engineering, LLC has over 16 year experience in oil and gas property evaluation. Dr. Bilgesu obtained a B.Sc. in Petroleum Engineering from Middle East Technical University, a M.Sc. in Chemical and Petroleum Engineering from Colorado School of Mines and a Ph.D. in Petroleum Engineering from Pennsylvania State University. Dr. Bilgesu is a Registered Professional Engineer in the State of Colorado.

All information provided by Allied to Sure Engineering LLC for the purpose of preparing its reserve evaluation was received from those independent operators responsible for managing Allied's oil and gas interests. Information received was first reviewed by management for reasonableness and accuracy, to the extent that such review was practicable having been obtained from third parties, to ensure that such information might be relied upon by Dr. Onat in compiling his reserve calculations.

Reserve calculations by independent petroleum engineers involve the estimation of future net recoverable reserves of oil and gas and the timing and amount of future net revenues to be received therefrom. Those estimates are based on numerous factors, many of which are variable and uncertain. Reserve estimators are required to make numerous judgments based upon professional training, experience, and educational background. The extent and significance of the judgments in them are sufficient to render reserve estimates inherently imprecise. Since reserve determinations involve estimates of future events, actual production, revenues and operating expenses may not occur as estimated. Accordingly, it is common for the actual production and revenues later received to vary from earlier estimates. Estimates made in the first few years of production from a property are generally not as reliable as later estimates based on a longer production history. Reserve estimates based upon volumetric analysis are inherently less reliable than those based on lengthy production history. Also, potentially productive gas wells may not generate revenue immediately due to lack of pipeline connections and potential development wells may have to be abandoned due to unsuccessful completion techniques. Hence, reserve estimates may vary from year to year.

Oil and gas reserves increased as of December 31, 2009 by 7,112 bbl and 43,068 mcf due to a successful work over of the Brinkoeter #4 well, the Cokeley 633-654 wells, the Williams #1 well and the Gus Bee well by the Marquee Corporation combined with the increase in the economic lives of oil producing wells due to rising prices. Meanwhile the Holman-Fagen 43-3 wells was plugged and abandoned due to uneconomical production rates in 2009.

The following table set forth the estimated proved developed oil and gas reserves and proved undeveloped oil and gas reserves of our properties for the years ended December 31, 2009 and 2008.

Reserve Quantity Information (Unaudited)

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

Proved Developed Reserves				
	Years Ended December 31,			
	2009		*2008*	
	Oil (bbls)	*Gas (mcf)*	*Oil (bbls)*	*Gas (mcf)*
Proved developed and undeveloped reserves:				
Beginning of year	18,951	1,031,450	16,450	1,422,051
Revision in previous estimates	7,112	43,068	6,030	(296,106)
Discoveries and extension	-	-	-	-
Purchase in place	-	-	-	-
Production	(1,784)	(101,360)	(3,529)	(112,495)
Sales in place	-	-	-	-
End of year	24,279	955,158	18,951	1,013,450

* all of Allied's reserves are proved developed reserves.

Oil and Gas Titles

As is customary in the oil and gas industry, we perform only a perfunctory title examination at the time of acquisition of undeveloped properties. Prior to the commencement of drilling, in most cases, and in any event where we are the operator, a title examination is conducted and significant defects remedied before proceeding with operations. We believe that the title to our properties is generally acceptable to a reasonably prudent operator in the oil and gas industry. The properties owned by us are subject to royalty, overriding royalty, and other interests customary in the industry, liens incidental to operating agreements, current taxes and other burdens, minor encumbrances, easements, and restrictions. We do not believe that any of these burdens materially detract from the value of the properties or will materially interfere with their use in the operation of our business.

Office Facilities

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

ITEM 3. LEGAL PROCEEDINGS

Allied is currently not a party to any legal proceedings.

ITEM 4. (REMOVED AND RESERVED)

Removed and reserved.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Allied's common stock is quoted on the Over the Counter Bulletin Board, a service maintained by the Financial Industry Regulatory Authority, under the symbol "ALOD." Trading in the common stock over-the-counter market has been limited and sporadic and the quotations set forth below are not necessarily indicative of actual market conditions. These prices reflect inter-dealer prices without retail mark-up, mark-down, or commission, and may not necessarily reflect actual transactions. The high and low bid prices for the common stock for each quarter of the years ended December 31, 2009 and 2008 are as follows:

Trading Market			
Year	*Quarter Ending*	*High*	*Low*
2009	December 31	$0.34	$0.27
	September 30	$0.30	$0.25
	June 30	$0.30	$0.17
	March 31	$0.30	$0.17
2008	December 31	$0.51	$0.35
	September 30	$0.75	$0.51
	June 30	$1.14	$0.70
	March 31	$0.65	$0.65

Capital Stock

The following is a summary of the material terms of Allied's capital stock. This summary is subject to and qualified by our articles of incorporation and bylaws.

Common Stock

As of April 14, 2010, there were approximately 108 shareholders of record holding a total of 5,653,011 shares of fully paid and non-assessable common stock of the 50,000,000 shares of common stock, par value $0.001, authorized. The board of directors believes that the number of beneficial owners is substantially greater than the number of record holders because a portion of our outstanding common stock is held in broker "street names" for the benefit of individual investors. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Warrants

As of April 14, 2010, Allied had no outstanding warrants to purchase shares of our common stock.

Dividends

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

Stock Options

Allied has granted 600,000 options to purchase shares of our common stock at an exercise price of $0.35 per share pursuant to The Allied Resources, Inc. 2008 Stock Option Plan. Options outstanding vest over five years from the date of grant and may be exercised within ten years. Allied had vested 180,000 options to purchase shares of our common stock at year end December 31, 2009.

Transfer Agent and Registrar

Our transfer agent is Standard Registrar & Transfer located at 12528 South 1840 East Draper, Utah, 84020; their telephone number is (801) 571-8844.

Purchases of Equity Securities made by the Issuer and Affiliated Purchasers

None.

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

Not required.

ITEM 7. 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 current 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 current report. Our fiscal year end is December 31.

Discussion and Analysis

Allied 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 and initiate operated acquisitions of additional oil or gas producing properties.

Recovery from producing wells is consistently evaluated to consider cost-efficient work-over methods designed to improve the performance of the wells. When considering the drilling of new wells, we conduct a geological review of the prospective area, in cooperation with our independent operator, to determine the potential for oil and gas. Our own consultants then review available geophysical data (generally seismic and gravity data) opine as to the prospect for success. In the event that our evaluation of available geophysical data indicates that the target has significant accumulations of oil and gas, we then consider the economic feasibility of drilling. The presence of oil and gas for any specific target cannot guarantee economic recovery. Production depends on many factors including drilling and completion costs, the distance to pipelines and pipeline pressure, current energy prices, accessibility to the site, and whether the project is developmental or solely a wildcat prospect.

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

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

Results of Operations

During the period from January 1, 2004 through December 31, 2009, Allied was engaged in evaluating acquisition opportunities, drilling, examining the operating efficiencies of existing wells, disposing of non-productive wells, overseeing the operation of its oil and gas assets by an independent operators and acquiring oil and gas producing assets. The operation and maintenance of Allied’s oil and gas operations is wholly dependent on the services provided by five different independent operators. While the services provided by these operators has proven adequate, the fact that Allied is dependent on the operations of third parties to maintain its operations and produce revenue can restrict its ability to realize a net profit.

For the fiscal year ended December 31, 2009 Allied realized net income. Allied believes that the immediate key to its ability to remain profitable is that oil and gas prices continue to rise, that general and administrative and production expenses are constantly evaluated to guard against increases in operating costs and that it continue to seek out revenue producing acquisitions. Should oil and gas prices remain stable and expenses remain relatively consistent, Allied believes that it will most likely continue to operate at a net profit in future periods.

Twelve Months Ended December 31	2009	2008	Change	% Change
Average Daily Production				
Oil (bbls/day)	5	10	(5)	-50%
Natural gas (mcf/day)	278	308	(30)	-10%
Barrels of oil equivalent (boe/day)	51	61	(10)	-16%
Profitability				
Petroleum and natural gas revenue	$ 692,560	$ 1,216,908	$ (524,348)	-43%
Net Revenue	692,560	1,216,908	(524,348)	-43%
Production and operating costs	420,065	504,269	(84,204)	-17%
Field netback	272,495	712,639	(440,144)	-62%
G&A	195,622	199,730	(4,108)	-2%
Net cash flow from operations	76,873	512,909	(436,036)	-85%
Depletion, depreciation and other charges	113,960	149,426	(35,466)	-24%
Future income taxes	-	-	-	0%
Net earnings from operations	$ (37,087)	$ 363,483	$ (400,570)	-110%
Profitability per boe				
Oil and gas revenue (average selling price)	36.96	54.36	(17.40)	-32%
Production and operating costs	22.42	22.53	(0.11)	0%
Field netback ($/boe)	$ 14.54	$ 31.83	$ (17.29)	-54%
Net earnings ($/boe)	$ (1.98)	$ 16.24	$ (18.22)	-112%
Cash flow from operations ($/boe)	$ 4.10	$ 22.91	$ (18.81)	-82%

Gross Revenue

Gross revenue for the year ended December 31, 2009 decreased to $692,560 from $1,216,908 for the year ended December 31, 2008, a decrease of 43%. The decrease in gross revenue in the current period can be attributed both to the decline in oil and gas prices realized in the current period over the prior period and the decrease in the production of oil and gas in the current period over the prior period.

Gross daily production of oil for the year ended December 31, 2009 decreased to 5 bbls from 10 bbls for the year ended December 31, 2008, a decrease of 50%. Gross daily production of gas for the year ended December 31, 2009 decreased to 278 MCF from 308 MCF for the year ended December 31, 2008, a decrease of 10%. Average oil and natural gas prices realized decreased on a daily basis to $36.96 per BOE over the year ended December 31, 2009 from $54.36 per BOE on a daily basis over the year ended December 31, 2008, a decrease of 32%.

Allied anticipates, based on existing properties, that gross revenue will increase in the near term as prices paid for oil and gas are trending upward over the near and long term.

Net Income

Net income after provision for income taxes for the year ended December 31, 2009 was $23,955 as compared to net income after provision for income taxes of $251,961 for the year ended December 31, 2008, a decrease of 90%. The decrease in net income in the current period can be attributed to the decline in oil and gas revenues and the decrease in production. Management expects that net income will increase in near term future periods due to anticipated increases in revenues from higher for oil and gas prices in addition to the realization of efforts to reduce operating costs.

Expenses

General and administrative expenses for the year ended December 31, 2009 decreased to $195,622 from $199,730 for the year ended December 31, 2008, a decrease of 2%. The decrease in general administrative expenses over the comparable periods can be primarily attributed to a decrease in travel expenses. Allied anticipates that general and administrative expenses will remain relatively consistent over future periods.

Depletion expenses for the year ended December 31, 2009 and December 31, 2008 were $113,960 and $149,426 respectively. Depletion expenses will continue to decline in relation to the aging of existing oil and gas assets.

Production expenses for the year ended December 31, 2009 and December 31, 2008 were $420,065 and $504,269, a decrease of 17%. Production expenses 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 direct production costs over the current period can be attributed to the decrease in production over the current period. Allied expects that direct production expenses will increase over future periods as the ages of our wells increase and we continue to acquire or develop new production.

Income Tax Expense

As of December 31, 2009 Allied has a net operating loss (NOL) carry forwards of approximately $2,217,000. 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

Allied has a working capital surplus of $1,271,863 as of December 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.

Total current assets as of December 31, 2009 were $1,283,811 which consisted of $1,177,765 in cash, $83,646 in accounts receivable and $22,400 in other assets. Total assets were $3,883,326. Total current liabilities were $11,948 which consisted of accounts payable. Total liabilities were $189,288 which amount includes an asset retirement obligation of $177,340 and current liabilities. Total stockholders' equity as of December 31, 2009 was $3,694,038.

Cash flow provided by operations for the year ended December 31, 2009 was $125,140 as compared to $611,495 for the year ended December 31, 2008. The decrease in cash flow provided by operations in the current period can be primarily attributed to the decrease in net income and the change in deferred tax assets over the prior period. Allied expects that cash flow provided by operations will increase in future periods based on an anticipated increase in net income.

Cash flow used in investing activities for the years ended December 31, 2009 and December 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 years ended December 31, 2008 and December 31, 2007 was $0. Allied does not expect to realize cash flow from financing activities in the near term.

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 year-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 Allied on the terms and conditions set forth therein. As of December 31, 2009, 600,000 options have 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 December 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 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 of Financial Condition and Results of Operations* and elsewhere in this current report, with the exception of historical facts, are forward looking statements. 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 as required by law.

Stock-Based Compensation

We have adopted Accounting Standards Codification Topic ("ASC") 718, formerly 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 ASC 505. 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.

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 ASC 410-20, Allied makes estimates of future costs and the timing thereof in connection with recording its future obligations to plug and abandon wells. Estimated abandonment dates will be revised in the future based on changes to related economic lives, which vary with product prices and production costs. Estimated plugging costs may also be adjusted to reflect changing industry experience. Increases in operating costs and decreases in product prices would increase the estimated amount of the obligation and increase depreciation, depletion and amortization expense. Cash flows would not be affected until costs to plug and abandon were actually incurred.

Recent Accounting Pronouncements

Please see Note 15 to our consolidated financial statements for recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our audited financial statements for the years ended December 31, 2009 and 2008 are attached hereto as F-1 through F-22.

ALLIED RESOURCES, INC.
INDEX TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying balance sheets of Allied Resources, Inc. as of December 31, 2009 and 2008, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allied Resources, Inc., as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Jones Simkins, P.C.

JONES SIMKINS, P.C.
Logan, Utah
April 14, 2010

ALLIED RESOURCES, INC.
BALANCE SHEETS
December 31, 2009 and 2008

ASSETS		2009	2008
Current assets:			
Cash	$	1,177,765	1,052,625
Accounts receivable		83,646	96,974
Other assets		22,400	-
Total current assets		1,283,811	1,149,599
Oil and gas properties (proven), net (successful efforts method)		1,018,814	1,132,774
Deferred tax asset		876,000	867,000
Deposits		704,701	704,701
Total assets	$	3,883,326	3,854,074
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$	11,948	13,667
Total current liabilities		11,948	13,667
Asset retirement obligation		177,340	168,955
Accrued tax liabilities		-	40,000
Total liabilities		189,288	222,622
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		9,781,249	9,742,618
Accumulated deficit		(6,092,864)	(6,116,819)
Total stockholders' equity		3,694,038	3,631,452
Total liabilities and stockholders' equity	$	3,883,326	3,854,074

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

ALLIED RESOURCES, INC
STATEMENTS OF OPERATIONS
Years Ended December 31, 2009 and 2008

		2009	2008
Oil and gas revenues	$	692,560	1,216,908
Operating expenses:			
Production costs		420,065	504,269
Depletion and amortization		113,960	149,426
General and administrative expenses		195,622	199,730
		729,647	853,425
Income (loss) from operations		(37,087)	363,483
Interest income		12,042	16,478
Income (loss) before provision for income taxes		(25,045)	379,961
Provision (benefit) for income taxes - deferred		(49,000)	128,000
Net income	$	23,955	251,961
Income per common share - basic and diluted	$	-	0.04
Weighted average common shares - basic and diluted		5,653,000	5,653,000

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

ALLIED RESOURCES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2009 and 2008

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at January 1, 2008	5,653,011	$ 5,653	$ 9,723,302	$ (6,368,780)	$ 3,360,175
Stock option compensation expense	-	-	19,316	-	19,316
Net income	-	-	-	251,961	251,961
Balance at December 31, 2008	5,653,011	5,653	9,742,618	(6,116,819)	3,631,452
Stock option compensation expense	-	-	38,631	-	38,631
Net income	-	-	-	23,955	23,955
Balance at December 31, 2009	5,653,011	$ 5,653	$ 9,781,249	$ (6,092,864)	$ 3,694,038

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

ALLIED RESOURCES, INC
STATEMENTS OF CASH FLOW
Years Ended December 31, 2009 and 2008

		2009	2008
Cash flows from operating activities:			
Net income	$	23,955	251,961
Adjustments to reconcile net income to net cash provided by operating activities:			
Depletion and amortization		113,960	149,426
Stock option compensation expense		38,631	19,316
Accretion expense		8,385	7,989
Deferred tax asset		(9,000)	128,000
Decrease in:			
Accounts receivable		13,328	48,022
Other assets		(22,400)	2,643
Increase (decrease) in:			
Accounts payable		(1,719)	9,738
Accrued liabilities		-	(5,600)
Accrued tax liabilities		(40,000)	-
Net cash provided by operating activities		125,140	611,495
Cash flows from investing activities:		-	-
Cash flows from financing activities:		-	-
Net increase in cash		125,140	611,495
Cash, beginning of year		1,052,625	441,130
Cash, end of year	$	1,177,765	1,052,625

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

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Allied Resources, Inc. (the Company) was incorporated on April 5, 2002 The Company is primarily engaged in the business of acquiring, developing, producing and selling oil and gas production and properties to companies located in the continental United States.

Cash and Cash Equivalents

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

Accounts Receivable

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

Concentration of Credit Risk

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

Oil and Gas Producing Activities

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

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

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

Oil and Gas Producing Activities (continued)

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

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

The continued carrying value of the Company's oil and natural gas properties depends primarily upon the estimated reserves and the prices it receives for oil and natural gas production. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future. The Company's production quantities of oil and natural gas are in decline. Any decrease in oil and natural gas prices without an offsetting increase in reserve quantities could result in an impairment of the Company's assets.

Current accounting standards may require companies involved in the oil and gas industry to reclassify oil and gas contract based drilling rights from tangible to intangible assets and to provide the related intangible assets disclosures under Accounting Standards Codification (ASC) 350. Since the Company does not have any contract based oil and gas drilling rights, any disclosure related to this possible requirement would not have an affect on the Company's financial statements.

Income Taxes

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

The Company considers many factors when evaluating and estimating its tax positions and tax benefits. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Reserves are established if it is believed certain positions may be challenged and potentially disallowed. If facts and circumstances change, reserves are adjusted through the provision for income taxes. The Company recognizes interest expense related to unrecognized tax benefits in interest expense and penalties as an other expense.

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

Earnings Per Share

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

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

Revenue Recognition

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

The Company does not have any gas balancing arrangements.

Stock-Based Compensation

At December 31, 2009, the Company has a stock option plan, which is described more fully in Note 9. The Company accounts for stock compensation under ASC 718. This requires the Company to recognize compensation cost based on the grant date fair value of options granted. The Company recognized $38,631 and $19,316, respectively, in compensation cost during the years ended December 31, 2009 and 2008.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates.

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

Use of Estimates in the Preparation of Financial Statements (continued)

Significant estimates include volumes of oil and natural gas reserves used in calculating depletion of proved oil and natural gas properties, future net revenues and abandonment obligations, future taxable income and related assets/liabilities, the collectibility of outstanding accounts receivable, stock-based compensation expense, and contingencies. Oil and natural gas reserve estimates, which are the basis for unit-of-production depletion and the ceiling test, have numerous inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Subsequent drilling results, testing and production may justify revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. In addition, reserve estimates are vulnerable to changes in wellhead prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

The significant estimates are based on current assumptions that may be materially affected by changes to future economic conditions such as the market prices received for sales of volumes of oil and natural gas, the creditworthiness of counterparties, interest rates, the market value of the Company's common stock and corresponding volatility and the Company's ability to generate future taxable income. Future changes to these assumptions may affect these significant estimates materially in the near term.

Note 2 – Oil and Gas Properties

Oil and gas properties consist of the following:

		2009	2008
Oil and gas properties (successful efforts method)	$	8,513,291	8,513,291
Capitalized costs related to asset retirement obligation		93,499	93,499
		8,606,790	8,606,790
Less accumulated depreciation, depletion, and amortization		(7,587,976)	(7,474,016)
	$	1,018,814	1,132,774

Note 3 – Deposits

The Company has an operating agreement with one of the operators of the Company's oil and gas wells. Terms of the agreement allow the operator to withhold a portion of the Company's share of revenue for possible future costs associated with the wells. The terms of the agreement require that these funds be held in escrow. As of December 31, 2009 and 2008 amounts on deposit were approximately $705,000 and $705,000, respectively.

Note 4 – Asset Retirement Obligation

The Company is subject to certain regulations implemented to protect the environment. These regulations require that when oil and gas wells are abandoned, the owners must perform certain reclamation activities related to the oil and gas wells. Accordingly, a liability has been established equal to the present value of the Company's estimated prorata share of the obligation. The Company has no assets that are legally restricted for the purpose of settling this obligation.

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

		2009	2008
Balance at beginning of year	$	168,955	160,966
Accretion expense		8,385	7,989
Balance at end of year	$	177,340	168,955

Note 5 – Income Taxes

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

		2009	2008
Federal income tax at statutory rate	$	(9,000)	129,000
Decrease in accrued tax liabilities (see Note 6)		(40,000)	-
Other		-	(1,000)
	$	(49,000)	128,000

Deferred tax assets (liabilities) are comprised of the following:

		2009	2008
Net operating loss carryforwards	$	754,000	827,000
Asset retirement obligation		45,000	41,000
Depletion and amortization		57,000	(8,000)
Stock compensation expense		20,000	7,000
	$	876,000	867,000

As of December 31, 2009, the Company had net operating loss (NOL) carryforwards of approximately $2,217,000. If substantial changes in the Company's ownership should occur there would be an annual limitation of the amount of NOL carryforward, which could be utilized. Also, the ultimate realization of these carryforwards is due, in part, on the tax law in effect at the time and future events, which cannot be determined.

Note 5 – Income Taxes (continued)

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

Year Generated		Amount	Year of Expiration
1996	$	46,000	2011
1998		110,000	2018
1999		1,979,000	2019
2001		4,000	2021
2002		78,000	2022
	$	2,217,000	

Note 6 – Accrued Tax Liabilities

Accrued tax liabilities consist of the following:

		2009	2008
Balance at beginning of year	$	40,000	40,000
Decrease due to current tax position		(40,000)	-
Balance at end of year	$	-	40,000

At December 31, 2009 and 2008, the Company had approximately $0 and $10,000 accrued for the payment of interest and penalties.

The Company is no longer subject to examination by federal and state taxing authorities for years prior to 2003.

Note 7 – Related Party Transactions

The Company leases office space on a month-to-month basis from the CEO of the Company. The lease requires monthly payments of $1,000. The Company incurred rent expense of approximately $12,000 annually during the years ended December 31, 2009 and 2008. At December 31, 2009 and 2008, $1,000 was included in accounts payable for rent.

Note 7 – Related Party Transactions (continued)

The Company has a consulting agreement with its CEO to provide management services. The agreement requires monthly payments which, on July 1, 2008, increased from $6,000 to $10,000. The Company incurred management and consulting fees of approximately $120,000 and $96,000 during the years ended December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, $10,000 was included in accounts payable for management services.

Note 8 – Supplemental Disclosures of Cash Flow Information

No amounts were paid for interest and income taxes during the years ended December 31, 2009 and 2008.

Note 9 – Stock Options

During the year ended December 31, 2008, the Company adopted a stock option plan (the Plan). Under the Plan, the Company may issue shares of the Company's common stock or grant options to acquire the Company's common stock from time to time to employees, directors, officers, consultants or advisors of the Company on the terms and conditions set forth in the Plan.

A schedule of the options outstanding is as follows:

	Number of Options	Exercise Price Per Share
Outstanding at January 1, 2008	-	$ -
Granted	600,000	0.35
Outstanding at December 31, 2008 and 2009	600,000	$ 0.35

Note 10 – Stock Based Compensation

The fair value of each option granted during 2008 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	-
Expected stock price volatility	107%
Risk-free interest rate	2.25%
Expected life of options	10 years

Note 10 – Stock Based Compensation (continued)

The weighted average fair value of each option granted during 2008 was approximately $0.32.

Information related to these options at December 31, 2009, is as follows:

Outstanding				Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.35	600,000	9.0	$ 0.35	180,000	$ 0.35

Note 11 – Fair Value of Financial Instruments

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

Note 12 – Commitments and Contingencies

Oil and Gas Operating Agreement

The Company has agreements with the operators of the oil and gas wells in which the Company owns an interest. These agreements require the Company to pay a percentage of the fees and production costs of operating the wells.

Litigation

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

Note 13 – Risks and Uncertainties

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

Note 13 – Risks and Uncertainties (continued)

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

Note 14 – Subsequent Events

The Company evaluated its December 31, 2009 financial statements for subsequent events through the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 15 – Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-02, Consolidation (ASC 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary. This amendment to ASC 810 clarifies, but does not change, the scope of current US GAAP. It clarifies the decrease in ownership provisions of ASC 810-10 and removes the potential conflict between guidance in that ASC and asset derecognition and gain or loss recognition guidance that may exist in other US GAAP. An entity will be required to follow the amended guidance beginning in the period that it first adopts FAS 160 (now included in ASC 810-10). For those entities that have already adopted FAS 160, the amendments are effective at the beginning of the first interim or annual reporting period ending on or after December 15, 2009. The amendments should be applied retrospectively to the first period that an entity adopts FAS 160. The adoption of ASU 2010-02 has had no material effect on the Company's financial condition, results of operation, or cash flows.

In January 2010, the FASB issued ASU 2010-01, Equity (ASC 505): Accounting for Distributions to Shareholders with Components of Stock and Cash (A Consensus of the FASB Emerging Issues Task Force). This amendment to ASC 505 clarifies the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a limit on the amount of cash that will be distributed is not a stock dividend for purposes of applying ASC 505 and ASC 260, and is effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The adoption of ASU 2010-01 has had no material effect on the Company's financial condition, results of operation, or cash flows.

In December 2009, the FASB issued ASU 2009-17, Consolidations (ASC 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities. This ASU amends the FASB Accounting Standards Codification for Statement 167. (See FAS 167 effective date below.)

In December 2009, the FASB issued ASU 2009-16, Transfers and Servicing (ASC 860): Accounting for Transfers of Financial Assets. This Accounting Standards Update amends the FASB Accounting Standards Codification for Statement 166. (See FAS 166 effective date below.)

Note 15 – Recent Accounting Pronouncements (continued)

In October 2009, the FASB issued ASU 2009-15, Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing. This Accounting Standards Update amends the FASB Accounting Standard Codification for EITF 09-1. (See EITF 09-1 effective date below.)

In October 2009, the FASB issued ASU 2009-14, Software (ASC 985): Certain Revenue Arrangements That Include Software Elements. This update changed the accounting model for revenue arrangements that include both tangible products and software elements. The update is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company does not expect the provisions of ASU 2009-14 to have a material effect on the financial position, results of operations, or cash flows of the Company.

In October 2009, the FASB issued ASU 2009-13, Revenue Recognition (ASC 605): Multiple-Deliverable Revenue Arrangements. This update addressed accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit and which will be separated in more circumstances than under existing US GAAP. This amendment has eliminated that residual method of allocation. The update is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company does not expect the provisions of ASU 2009-13 to have a material effect on the financial position, results of operations, or cash flows of the Company.

In September 2009, the FASB issued ASU 2009-12, Fair Value Measurements and Disclosures (ASC 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This update provides amendments to ASC 820 for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). It is effective for interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued. The adoption of ASU 2010-01 has had no material effect on the Company's financial condition, results of operation, or cash flows.

In July 2009, the FASB ratified EITF No. 09-1, (ASC 470) "Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance" ("EITF 09-1"). The provisions of EITF 09-1 clarify the accounting treatment and disclosure of share-lending arrangements that are classified as equity in the financial statements of the share lender. An example of a share-lending arrangement is an agreement between the Company (share lender) and an investment bank (share borrower) which allows the investment bank to use the loaned shares to enter into equity derivative contracts with investors. EITF 09-1 is effective for fiscal years that begin on or after December 15, 2009 and requires retrospective application for all arrangements outstanding as of the beginning of fiscal years beginning on or after December 15, 2009. Share-lending arrangements that have been terminated as a result of counterparty default prior to December 15, 2009, but for which the entity has not reached a final settlement as of December 15, 2009, are within the scope. EITF 09-1 is effective for share-lending arrangements entered into on or after the beginning of the first reporting period that begins on or after June 15, 2009. The Company does not expect the provisions of EITF 09-1 to have a material effect on the financial position, results of operations, or cash flows of the Company.

Note 15 – Recent Accounting Pronouncements (continued)

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162, which is codified in ASC 105, Generally Accepted Accounting Principles. ASC 105 establishes the Codification as the source of authoritative GAAP in the United States (the "GAAP hierarchy") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Once the Codification is in effect, all of its content will carry the same level of authority and the GAAP hierarchy will be modified to include only two levels of GAAP, authoritative and non-authoritative. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 has had no material effect on the Company's financial condition, results of operation, or cash flows.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) ("SFAS 167") (ASC 810), which amends the consolidation guidance applicable to variable interest entities. The amendments significantly affect the overall consolidation analysis under ASC 810, and require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. SFAS 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009 and early adoption is prohibited. The adoption of this update will have no material affect on the Company's financial condition, results of operations, or cash flows.

In June, 2009, the FASB issued Statement of Financial Accounting Standards No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*" ("SFAS 166") (ASC 860). This statement removes the concept of a qualifying special-purpose entity and removes the exception from applying Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities,* to qualifying special-purpose entities. SFAS 166 is effective for financial asset transfers occurring after the beginning of an entity's first fiscal year that begins after November 15, 2009 and early adoption is prohibited. The adoption of this statement will have no material affect on the financial statements.

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
December 31, 2009 and 2008

Capitalized Costs Relating to Oil and Gas Producing Activities

		December 31, 2009	December 31, 2008
Proved oil and gas properties and related equipment	$	8,513,291	8,513,291
Unproved oil and gas properties		-	-
Asset retirement obligation		93,499	93,499
		8,606,790	8,606,790
Accumulated depreciation, depletion, amortization and valuation allowances		(7,587,976)	(7,474,016)
	$	1,018,814	1,132,774

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

		December 31, 2009	December 31, 2008
Acquisition of properties:			
Proved	$	-	-
Unproved	$	-	-
Exploration costs	$	-	-
Development costs	$	-	-

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
December 31, 2009 and 2008

Results of Operations for Producing Activities

		Years Ended December 31, 2009	Years Ended December 31, 2008
Oil and gas revenues	$	692,560	1,216,908
Production costs net of reimbursements		(420,065)	(504,269)
Exploration costs		-	-
Depreciation, depletion, amortization, and valuation provisions		(113,960)	(149,426)
Net income before income taxes		158,535	563,213
Income tax expense		54,000	191,000
Results of operations from producing activities (excluding corporate overhead and interest costs)	$	104,535	372,213

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
December 31, 2009 and 2008

Reserve Quantity Information (Unaudited)

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

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

	Years Ended December 31,			
	2009		2008	
	Oil (bbls)	Gas (mcf)	Oil (bbls)	Gas (mcf)
Proved developed and undeveloped reserves:				
Beginning of year	18,951	1,013,450	16,450	1,422,051
Revision in previous estimates	7,112	43,068	6,030	(296,106)
Discoveries and extension	-	-	-	-
Purchase in place	-	-	-	-
Production	(1,784)	(101,360)	(3,529)	(112,495)
Sales in place	-	-	-	-
End of year	24,279	955,158	18,951	1,013,450

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

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
December 31, 2009 and 2008

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

		Years Ended December 31, 2009	2008
Future cash inflows	$	7,111,000	8,437,000
Future production and development costs		(4,699,000)	(5,327,000)
Future income tax expenses		(820,000)	(1,057,000)
		1,592,000	2,053,000
10% annual discount for estimated timing of cash flows		(739,000)	(941,000)
Standardized measure of discounted future net cash flows	$	853,000	1,112,000

The preceding table sets forth the estimated future net cash flows and related present value, discounted at a 10% annual rate, from the Company's proved reserves of oil, condense and gas. The estimated future net revenue is computed by applying the average prices of oil and gas (including price changes that are fixed and determinable) based upon the prior 12-month period and current costs of development production to estimated future production assuming continuation of existing economic conditions. The values expressed are estimates only, without actual long-term production to base the production flows, and may not reflect realizable values or fair market values of the oil and gas ultimately extracted and recovered. The ultimate year of realization is also subject to accessibility of petroleum reserves and the ability of the Company to market the products.

ALLIED RESOURCES, INC.
SCHEDULE OF SUPPLEMENTARY INFORMATION
ON OIL AND GAS OPERATIONS
December 31, 2009 and 2008

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

		Years Ended December 31,	
		2009	2008
Balance, beginning of year	$	1,112,000	1,751,000
Sales of oil and gas produced net of production costs		(227,000)	(340,000)
Net changes in prices and production costs		(270,000)	471,000
Extensions and discoveries, less related costs		-	-
Purchase and sales of minerals in place		-	-
Revisions of estimated development costs		-	-
Revisions of previous quantity estimate		237,000	(674,000)
Accretion of discount		111,000	175,000
Net changes in income taxes		(110,000)	(271,000)
Balance, end of year	$	853,000	1,112,000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES (ITEM 9A (T))

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this annual report on Form 10-K, 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")) as of the end of the period covered by this report. 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, and such information was accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Management of Allied is responsible for establishing and maintaining adequate internal control over financial reporting. Allied's internal control over financial reporting is a process, under the supervision of the chief executive officer and the chief financial officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Allied's financial statements for external purposes in accordance with United States generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of Allied's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the board of directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Allied's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Allied's management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which assessment did not identify any material weaknesses in internal control over financial reporting. A material weakness is a control deficiency, or a combination of deficiencies in internal control over financial reporting that creates a reasonable possibility that a material misstatement in annual or interim financial statements will not be prevented or detected on a timely basis. Since the assessment of the effectiveness of our internal control over financial reporting did not identify any material weaknesses, management considers its internal control over financial reporting to be effective.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Commission that permit us to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

As of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the year ended December 31, 2009, that materially affected, or are reasonably likely to materially affect, Allied's internal control over financial reporting.

9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Officers and Directors

The following table sets forth the name, age and position of each director and executive officer of the Company:

Name	***Age***	***Year Elected/Appointed***	***Positions Held***
Ruairidh Campbell	46	1998	Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, Director
Ed Haidenthaller	46	2004	Director
Paul Crow	63	2005	Director, Secretary

Ruairidh Campbell

On June 6, 1998, Mr. Campbell was elected as a director and subsequently appointed as an officer of Allied. Mr. Campbell estimates that he spends approximately 20 hours per week on Allied's business. He also has significant responsibilities with other companies, as detailed in the following paragraph. He will serve until the next annual meeting of Allied's shareholders or until his successor is elected and qualified.

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

Ed Haidenthaller

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

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

Paul Crow

On January 17, 2005, Mr. Paul Crow was appointed as a director of Allied and subsequently appointed as secretary. Mr. Crow estimates that he spends approximately 2 hours per week on Allied's business. He also has significant responsibilities with other companies, as detailed in the following paragraph. He will serve until the next annual meeting of Allied's shareholders or until his successor is elected and qualified.

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

No other persons are expected to make any significant contributions to Allied's executive decisions who are not executive officers or directors of Allied.

Term of Office

Our directors have been elected or appointed to the board of directors for a one (1) year term or until the next annual meeting of our shareholders or until removed in accordance with our bylaws. Our sole executive officer was appointed by our board of directors and holds office at the discretion of the board in accordance with terms of his agreement with Allied.

Family Relationships

There are no family relationships between or among the directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offences); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Compliance with Section 16(A) of the Exchange Act

Based solely upon a review of Forms 3, 4 and 5 furnished to Allied, we are aware of the following persons who, during the period ended December 31, 2008, failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934.

- Ruairidh Campbell failed to file a Form 5 on a timely basis despite being an officer, director and 10% shareholder of Allied.
- Ed Haidenthaller failed to file a Form 5 on a timely basis despite being a director of Allied.
- Paul Crow failed to file a Form 5 on a timely basis despite being a director of Allied.

Code of Ethics

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

Board of Directors Committees

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

Allied’s board of directors has not established a compensation committee.

Director Compensation

Directors currently are not reimbursed for out-of-pocket costs incurred in attending meetings but are compensated for their service as directors in connection with meetings. However, non-executive directors are compensated for attendance at meetings in the amount $500 per meeting but are not reimbursed for out-of-pocket costs incurred in attending meetings. During the year ended December 31, 2009, the Company compensated each of its non-executive directors for their participation in four meetings of the board of directors held over the annual period.

During the year ended December 31, 2009, the Company compensated one of its directors pursuant to a consulting agreement with him for services rendered as corporate secretary for annual compensation of $3,000.

During the year ended December 31, 2009, the Company compensated one of its directors pursuant to a consulting agreement with him for services rendered as chief executive officer, chief financial officer, and principal accounting for annual compensation of $120,000. He was further compensated in the annual amount of $12,000 for providing office space to the Company.

The following table provides summary information for the year 2009 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of our directors.

Directors' Summary Compensation Table

Name	Fees earned or paid in cash ($)	Stock awards ($)	Option Awards ($)	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation ($)	All other compensation ($)	Total ($)
Ruairidh Campbell	120,000*		32,000			12,000**	164,000
Paul Crow	2,000	-	3,200	-	-	3,000***	8,200
Ed Haidenthaller	2,000	-	3,200	-	-	-	5,200

***** Pursuant to a consulting agreement; amount paid to Mr. Campbell for services rendered as chief executive officer, chief financial officer and principal accounting officer.

** Pursuant to a month to month lease agreement; amount paid to Mr. Campbell for the provision of office space.

*** Pursuant to a consulting agreement; amount paid to Mr. Crow for services rendered as corporate secretary.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objective of Allied's compensation program is to provide compensation for services rendered by our sole executive officer in the form of a consulting fee and stock option grants. We utilize these forms of compensation because we believe that these forms of consideration are adequate to both retain and motivate our executive officer. The amounts we deem appropriate to compensate our executive officer are determined in accordance with market forces; we have no specific formula to determine compensatory amounts at this time. While we have deemed that our current compensatory program and the decisions regarding compensation are easy to administer and are appropriately suited for our objectives, we may expand our compensation program to any additional future employees to include options and other compensatory elements.

Executive compensation for the year ended December 31, 2009 was $164,000 as compared to $124,000 for the year ended December 31, 2008. Compensation includes a monthly consulting fee, vested stock options and rent paid to our sole executive officer in exchange for office space. The increase in executive compensation in the comparative annual periods is attributable to an increase in the consulting fee paid and the number of stock options vesting in the current period. We anticipate that executive compensation will remain relatively consistent over the term of the five year agreement.

Tables

The following table provides summary information for the years 2009, and 2008 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of (i) the chief executive officer and (ii) any other employee to receive compensation in excess of $100,000.

Officer's Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation ($)	All Other Compensation ($)	Total ($)
Ruairidh Campbell, CEO, CFO, PAO and director	2009 2008	120,000 96,000	- -	- - -	32,000 16,000	- -	- -	12,000 12,000	164,000 124,000

The following table provides summary information for 2009 concerning unexercised options, stock that has not vested, and equity incentive plan awards by the Company to or on behalf of (i) the chief executive officer and (ii) any other employee to receive compensation in excess of $100,000:

Outstanding Equity Awards at Fiscal Year-End

	Option awards					Stock awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (#)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ($)
Ruairidh Campbell	150,000	350,000	-	0.35	Dec 31, 2018	-	-	-	-

The Company has a consulting agreement with its executive officer, effective July 1, 2008, through June 30, 2013, for (i) an annual salary of $120,000, (ii) at the Company's discretion, an annual bonus and (iii) tenure based incentive stock options.

The Company has no plans that provides for the payment of retirement benefits, or benefits that will be paid primarily following retirement.

The Company has no agreement that provides for payment to our executive officer at, following, or in connection with the resignation, retirement or other termination, or a change in control of Company or a change in our executive officer's responsibilities following a change in control.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information concerning the ownership of the Company's 5,653,011 shares of common stock issued and outstanding as of March 30, 2009, with respect to: (i) all directors; (ii) each person known by us to be the beneficial owner of more than five percent of our common stock; and (iii) our directors and executive officers as a group.

Names and Addresses of Managers and Beneficial Owners	***Title of Class***	***Number of Shares***	***Percent of Class***
Ruairidh Campbell 600 Westwood Terrace Austin, Texas 78746	Common	2,060,000*	36.4
Ed Haidenthaller 1193 East 800 North Layton, Utah 84040	Common	10,000**	<1.0
Paul Crow 1185 East 5840 South Salt Lake City, Utah 84121	Common	10,000***	<1.0
All Executive Officers and Directors as a Group (3)	Common	2,080,000	36.4

* Ruairidh Campbell has also been granted 500,000 options to purchase common shares at $0.35 of which 150,000 were vested as of December 31, 2009.

** Ed Haidenthaller has also been granted 50,000 options to purchase common shares at $0.35 of which 15,000 were vested as of December 31, 2009.

*** Paul Crow has also been granted 50,000 options to purchase common shares at $0.35 of which 15,000 were vested as of December 31, 2009.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

None of our directors or executive officers, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in−laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction in the period covered by this report or in any presently proposed transaction which, in either case, has or will materially affect us except the following consulting agreement, rent provision and option grants:

- Ruairidh Campbell, sole executive officer and a director, entered into a consulting agreement dated July 1, 2008 and a stock option agreement dated December 31, 2008 each conditioned on a five year term that provide for a monthly fee of $10,000 in addition to an aggregate stock option grant to purchase up to 500,000 shares of common stock at $0.35 a share that vest over 5 years and are exercisable for 10 years from the date of grant. The option grant had vested 150,000 shares as of December 31, 2009.

- Ruairidh Campbell, sole executive officer and a director, has entered into a month to month arrangement pursuant to which Allied pays $1,000 a month for the use of an office owned by Mr. Campbell that is inclusive of associated office costs.

- Ed Haidenthaller, a director, entered into a stock option agreement dated December 31, 2008 that grants stock options to purchase up to 50,000 shares of common stock at $0.35 a share that vest over 5 years and are exercisable for 10 years from the date of grant. The option grant had vested 15,000 shares as of December 31, 2009.

- Paul Crow, a director, entered into a stock option agreement dated December 31, 2008 that grants stock options to purchase up to 50,000 shares of common stock at $0.35 a share that vest over 5 years and are exercisable for 10 years from the date of grant. The option grant had vested 15,000 shares as of December 31, 2009.

Director Independence

Allied is quoted on the OTC Bulletin Board inter-dealer quotation system, which does not have director independence requirements. However, for purposes of determining director independence, we have applied the definitions set out in NASDAQ Rule 4200(a)(15). NASDAQ Rule 4200(a)(15) states that a director is not considered to be independent if he or she is also an executive officer or employee of the corporation. Accordingly, we consider Mr. Haidenthaller to be an independent director.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Jones Simkins, P.C. provided audit services to Allied in connection with its annual report for the fiscal years ended December 31, 2009 and 2008. The aggregate fees billed by Jones Simkins, P.C. for the audit of Allied's annual financial statements and a review of Allied's quarterly financial statements was approximately $38,100 and $37,693 respectively.

Audit Related Fees

Jones Simkins, P.C. billed to Allied no fees in each of 2009 and 2008 for professional services that are reasonably related to the audit or review of Allied's financial statements that are not disclosed in "Audit Fees" above.

Tax Fees

Jones Simkins, P.C. billed to Allied fees of $6,800 in 2009 and $7,102 in 2008 for professional services rendered in connection with the preparation of Allied's tax returns for the respective periods.

All Other Fees

Jones Simkins, P.C. billed to Allied no fees in each of 2008 and 2007 for other professional services rendered or any other services not disclosed above.

Audit Committee Pre-Approval

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Consolidated Financial Statements

The following documents are filed under "*Item 8. Financial Statements and Supplementary Data*," pages F-1 through F-22, and are included as part of this Form 10-K:

Financial Statements of The Company for the years ended December 31, 2009 and 2008:
- Report of Independent Registered Public Accounting Firm
- Balance Sheets
- Statements of Income
- Statement of Stockholders' Equity (Deficit)
- Statements of Cash Flows
- Notes to Consolidated Financial Statements

(b) Exhibits

The exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits on page 40 of this Form 10-K, and are incorporated herein by this reference.

(c) Financial Statement Schedules

We are not filing any financial statement schedules as part of this Form 10-K because such schedules are either not applicable or the required information is included in the financial statements or notes thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 __________________________ By: Ruairidh Campbell Its: Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and Director	April 15, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	Date
/s/ Ruairidh Campbell __________________________ Ruairidh Campbell Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and Director	April 15, 2010
/s/ Ed Haidenthaller __________________________ Ed Haidenthaller Director	April 15, 2010
/s/ Paul Crow __________________________ Paul Crow Director	April 15, 2010

INDEX TO EXHIBITS

Exhibit	*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) *	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(i) *	Allied Resources, Inc. 2008 Stock Option Plan (incorporated by reference to the Form 10-Q filed on November 14, 2008).
99(ii)	Reserve report from Sure Engineering, LLC (attached).

* Incorporated by reference to previous filings of the Company.

EXHIBIT 31

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

I, Ruairidh Campbell certify that:

1. I have reviewed this report on Form 10-K 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: April 15, 2010

/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-K of Allied Resources, Inc. for the annual period ended December 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: April 15, 2010

/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.

SURE ENGINEERING, LLC.
Petroleum and Natural Gas Engineering Consultants

P.O. BOX 261967
Littleton, CO 80112

TELEPHONE: (303) 770 3111
FAX NO.: (303) 721 6782
EMAIL: SUREENG@AOL.COM

3/12/2010

Allied Resources, Inc.
1403 East 900 South
Salt Lake City, Utah 84105

Attention: Mr. Ruairidh Campbell

Dear Mr. Campbell:

As requested, estimate of the extent and value of the proved reserves of crude oil, natural gas, and natural gas liquids for certain leasehold interests of Allied Resources, Inc. ("Allied") has been prepared as of December 31, 2009. The properties evaluated in this report are located in Ritchie and Calhoun Counties, West Virginia; Edwards, Jackson and Goliad Counties, Texas.

The reserve estimates are based on review and evaluation of the geological and engineering data provided by Allied. Oil and gas properties located in the general area have been examined prior to this study. Property interests owned, production data, current costs of operation and development, and other miscellaneous data were furnished by Allied, and are accepted as factual without independent verification of such facts. A field examination of the operations and physical condition of the properties has not been made.

This engineering study is limited to the availability and accuracy of the engineering and geological data. Assumptions made and calculations used to generate cash flow projections are based on engineering techniques commonly accepted by the industry. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering data and therefore our conclusions represent only our best-informed professional judgments.

The proved crude oil, natural gas, and natural gas liquid reserves included in this report are judged to be economically producible in future years from known reservoirs under existing economic and operating conditions, and assuming continuation of the current regulatory practices, and using conventional production methods and equipment.

Estimates of proved reserves, future net revenue, and present value of future net revenue included in this evaluation are intended to be submitted by Allied as part of Allied's annual report, filed on Form 10-K. Copies may also be submitted to institutions and investors interested in the value of Allied's reserves.

Definitions of proved reserves used in this evaluation are those set forth in Rule 4-10(a) of Regulation S-X, as adopted by the Securities and Exchange Commission:

"Proved oil and gas reserves". Proved oil and gas reserves are those quantities of crude oil, natural gas, and natural gas liquids which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations-prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.

"Proved developed oil and gas reserves. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. In projects that extract oil and gas in other ways, can be expected to be recovered through extraction technology installed and operational at the time of the reserves estimate.

Summary of Estimated Oil and Gas Reserves as of Fiscal-Year End Based on Average Fiscal-Year 2009 Prices

RESERVES		
	Oil	Gas
Reserves category	(bbls)	(mcf)
PROVED		
Developed	24,279	955,158

* Small rounding error may occur

Natural gas volumes are expressed at standard conditions of temperature and pressure applicable in the area where the reserves are located. Condensate reserves estimated are those obtained from normal separator recovery. Crude oil and natural gas liquids are stated as standard barrels of 42 U.S. gallons per barrel.

Value of net proved reserves is expressed in terms of estimated future net revenue and present value of future net revenue. Future net revenue is calculated by deducting estimated operating expenses, future development costs, and severance from the future gross revenue. Present value of future net revenue is calculated by discounting the future net revenue at the arbitrary rate of 10 percent per year compounded monthly over the expected period of realization. Present value, as expressed herein, should not be construed as fair market value, since no consideration has been given to many factors, which influence the prices at which, petroleum products are traded, such as taxes on operating profits, allowance for the return on the investment, and normal risks incident to oil business.

Estimated future net revenue and net present value of Allied's revenues from estimated production of proved reserves are presented below:

Summary of Estimated Future Net Revenue and Net Present Value of Allied's Revenues From Estimated Production of Proved Reserves

RESERVES		
	Future Net Revenue	10% Disc. Future Net Revenue
Reserves category	($)	($)
PROVED		
Developed	2,412,455	1,368,840

* Small rounding error may occur

In generating cash flow projections 12-month average oil and gas prices were used as initial prices and held constant over the life of the remaining reserves with no future price escalation due to inflation. Similarly average monthly operating costs were also held constant during the lives of the properties.

Gas prices varied from $1.75 per mcf to $8.71 per mcf and oil prices varied from $31.97 per bbl to $71.02 per bbl in West Virginia in 2009. Similarly gas prices varied from $2.61 per mcf to $7.64 and oil prices varied from $33.31 to $76.16 per bbl in Texas. Calculated 12-month average prices for each lease were held constant over the life of the remaining reserves and no adjustment for the BTU content was made. Lower gas prices in 2009 have resulted in a decrease in Discounted Net Cash Flow estimates due to shorter economic lives of the wells at constant operating costs.

Based on cash flow projections, gas reserves account for 81.2 percent of the Allied's future gross income from all proved reserves. Therefore total future income is more sensitive to fluctuation in gas prices than oil prices.

Reserve estimates also indicate oil reserves in 2009 are considerably higher than those reported in 2008 report. This increase is due to successful workover operations performed on the Brinkoeter # 4, Cokeley 633-654, Williams # 1and Gus Bee wells and also due to longer economic lives of the oil producing wells because of higher oil prices.

Sure Engineering anticipates plugging costs of approximately $5,000 per well for West Virginia properties and $15,000 per well for the Texas wells based on depth, completion method, and location of the wells. This amount has not been considered in the cash flow calculations presented in this report.

Allied's leases in West Virginia, particularly in Ritchie County, cover parts of mostly untapped Marcellus shale. Open hole well logs indicate presence of potentially productive Marcellus shale at a depth of 6,000 feet. Its thickness varies from 50 to 60 ft. Since the exploration in this area is in its early stages, no reserves have been allocated for the Marcellus shale potential in this report.

The estimates of reserves, future net revenue, and net present value are determined according to our understanding of applicable regulations of the Securities and Exchange Commission. These estimates have not been filed with any other federal authority or agency.

Sure Engineering, LLC, and its principals are unrelated to Allied, its officers, shareholders, and properties evaluated in this report. We do not own a direct or indirect financial interest in Allied or its properties.

Submitted,

/s/ Sure Engineering, LLC.

Sure Engineering, LLC