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PETROLEUM & RESOURCES CORP

Form N-Q

November 15, 2005

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF  
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-02736  
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PETROLEUM & RESOURCES CORPORATION

-----  
(Exact name of registrant as specified in charter)

7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202  
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(Address of principal executive offices) (Zip code)

Lawrence L. Hooper, Jr.  
Petroleum & Resources Corporation  
7 Saint Paul Street  
Suite 1140  
Baltimore, Maryland 21202

Registrant's telephone number, including area code: 410-752-5900

Date of fiscal year end: December 31, 2005

Date of reporting period: September 30, 2005

Item 1: SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS

-----  
September 30, 2005  
(unaudited)

	Shares	Value (A)
	-----	-----
Stocks And Convertible Securities -- 95.6%		
Energy -- 85.8%		
Internationals -- 23.5%		
BP plc ADR .....	600,000	\$ 42,510,000
Chevron Corp. ....	635,000	41,103,550

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Exxon Mobil Corp. ....	1,140,000	72,435,600
Royal Dutch Shell plc ADR .....	275,000	18,051,000
Total S.A. ADR .....	120,000	16,298,400
		-----
		190,398,550
		-----
Domestics -- 11.6%		
Alon USA Energy, Inc. (B) .....	6,000	144,900
Amerada Hess Corp. ....	65,000	8,937,500
ConocoPhillips .....	560,000	39,149,600
Holly Corp. ....	210,000	13,435,800
Kerr-McGee Corp. ....	107,647	10,453,600
Murphy Oil Corp. ....	256,400	12,786,668
Valero Energy Corp. ....	80,000	9,044,800
		-----
		93,952,868
		-----
Producers -- 20.4%		
Apache Corp. ....	177,000	13,313,940
Burlington Resources Inc. ....	246,800	20,069,776
Devon Energy Corp. ....	355,000	24,367,200
EOG Resources, Inc. (C) .....	345,000	25,840,500
Newfield Exploration Co. (B) ...	175,000	8,592,500
Noble Energy, Inc. (C) .....	430,000	20,167,000
Occidental Petroleum Corp. ....	200,000	17,086,000
Pioneer Natural Resources Co. ..	291,000	15,981,720
XTO Energy Inc. ....	435,000	19,714,200
		-----
		165,132,836
		-----
Distributors -- 13.1%		
AGL Resources Inc. ....	197,000	7,310,670
Duke Energy Corp. (C) .....	217,624	6,348,092
Energen Corp. ....	400,000	17,304,000
Equitable Resources Inc. ....	450,000	17,577,000
Keyspan Corp. ....	70,000	2,574,600
MDU Resources Group, Inc. ....	250,000	8,912,500
National Fuel Gas Co. ....	200,000	6,840,000
New Jersey Resources Corp. ....	223,800	10,290,325
Questar Corp. ....	200,000	17,624,000
Williams Companies, Inc. ....	450,000	11,272,500
		-----
		106,053,687
		-----
Services -- 17.2%		
Baker Hughes, Inc. ....	130,000	\$ 7,758,400
BJ Services Co. ....	740,000	26,632,600
GlobalSantaFe Corp. ....	290,000	13,229,800
Grant Prideco Inc. (B) .....	308,000	12,520,200
Nabors Industries Ltd. (B) .....	260,000	18,675,800
Noble Corp. (B) .....	185,000	12,665,100
Precision Drilling Corp. (B) .....	200,000	9,840,000
Schlumberger Ltd. ....	280,000	23,626,400
Weatherford International, Ltd. (B) .....	205,000	14,075,300
		-----
		139,023,600
		-----
Basic Industries -- 9.8%		
Basic Materials & Other -- 9.4%		
Air Products and Chemicals,		

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Inc. ....	125,000	6,892,500
Aqua America, Inc. ....	315,000	11,976,300
Arch Coal Inc. ....	160,000	10,800,000
Consol Energy Inc. ....	158,700	12,104,049
du Pont (E.I.) de Nemours and Co. ....	157,500	6,169,275
General Electric Co. ....	454,800	15,313,116
Martin Marietta Materials, Inc. ....	60,000	4,707,600
Rohm & Haas Co. ....	200,000	8,226,000
		-----
		76,188,840
		-----
Paper & Forest Products -- 0.4% Smurfit-Stone Container Corp. (B) .....	300,000	3,108,000
		-----
Total Stocks And Convertible Securities (Cost \$305,540,183) (D) .....		\$ 773,858,381
		-----

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SCHEDULE OF INVESTMENTS (continued)

September 30, 2005  
(unaudited)

	Prin. Amt.	Value (A)
	-----	-----
Short-Term Investments -- 4.3%		
U.S. Government Obligations -- 1.8%		
U.S. Treasury Bills, 3.39%, due 11/17/05 .....	\$ 15,000,000	\$ 14,933,613
		-----
Time Deposit -- 0.0%		
Brown Brothers Harriman & Co., 3.31%, due 10/3/05 .....		58,355
		-----
Commercial Paper -- 2.5%		
American General Finance Corp., 3.76%, due 10/18/05 .....	5,000,000	4,991,122
ChevronTexaco Funding Corp., 3.60-3.66%, due 10/4/05-		

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10/11/05 .....	5,900,000	5,897,513
General Electric Capital Corp., 3.78%, due 11/3/05 .....	4,900,000	4,883,022
Toyota Motor Credit Corp., 3.70%, due 10/6/05-10/13/05	4,600,000	4,595,406
		-----
		20,367,063
		-----
Total Short-Term Investments (Cost--\$35,359,031) .....		\$ 35,359,031
		-----
Securities Lending Collateral -- 2.7% .....		
Brown Brothers Investment Trust, 3.75%, due 10/3/05 .....		\$ 21,931,392
		-----
Total Securities Lending Collateral (Cost-- \$21,931,392) .....		21,931,392
		-----
Total Investments -- 102.6% (Cost--\$362,830,606) .....		831,148,804
Cash, receivables, prepaid expenses and other assets, less liabilities -- 2.6%		(21,446,088)
		-----
Net Assets -- 100.0%		\$ 809,702,716
		=====

Notes:

- (A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ.
- (B) Presently non-dividend paying.
- (C) Some or all of these securities are on loan. See note 8 to financial statements.
- (D) The aggregate market value of stocks held in escrow at September 30, 2005 covering open call option contracts written was \$16,195,940. In addition, the aggregate market value of securities segregated by the Corporation's custodian required to collateralize open put option contracts written was \$5,050,000.

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

September 30, 2005  
(unaudited)

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Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation (Depreciation)
COVERED CALLS				
100	EOG Resources, Inc. ....	\$ 85	Jan 06	\$ (80)
150	EOG Resources, Inc. ....	70	Oct 05	(72,45)
100	EOG Resources, Inc. ....	70	Jan 06	(70,80)
100	Kerr-McGee Corp. ....	80	Oct 05	(152,30)
200	Kerr-McGee Corp. ....	95	Oct 05	(48,04)
200	Martin Marietta Materials, Inc. ....	70	Oct 05	(143,60)
40	Martin Marietta Materials, Inc. ....	75	Oct 05	(9,32)
100	Martin Marietta Materials, Inc. ....	75	Jan 06	(60,30)
200	Murphy Oil Corp. ....	60	Oct 05	7,7
250	Pioneer Natural Resources Co. ....	50	Dec 05	(146,00)
250	Royal Dutch Shell plc ADR ....	70	Jan 06	(8,25)
150	Schlumberger Ltd. ....	100	Jan 06	7,7
50	Total S.A. ADR ....	135	Oct 05	(3,35)
100	Total S.A. ADR ....	140	Oct 05	2,6
50	Total S.A. ADR ....	140	Nov 05	(4,15)
-----				-----
2,040				(701,17)
-----				-----
COLLATERALIZED PUTS				
200	Exxon Mobil Corp. ....	50	Oct 05	24,3
150	Exxon Mobil Corp. ....	55	Oct 05	16,8
150	Exxon Mobil Corp. ....	55	Jan 06	15,2
100	Martin Marietta Materials, Inc. ....	65	Jan 06	7,9
100	Valero Energy Corp. ....	90	Oct 05	8,8
100	Valero Energy Corp. ....	85	Dec 05	5,1
-----				-----
800				78,4
-----				-----
				\$ (622,70)
				=====

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This report, including the financial statements herein, is transmitted to the stockholders of Petroleum & Resources Corporation for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Corporation or of any securities mentioned in the report. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is not indicative of future investment results.

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(SELECTED) NOTES TO FINANCIAL STATEMENTS (Unaudited)

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Petroleum & Resources Corporation (the Corporation) is registered under the Investment Company Act of 1940 as a non-diversified investment company. The Corporation's investment objectives as well as the nature and risk of its investment transactions are set forth in the Corporation's registration statement.

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Security Valuation-Investments in securities traded on national security exchanges are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Short-term investments (excluding purchased options) are valued at amortized cost. Purchased and written options are valued at the last quoted asked price.

For federal income tax purposes, the identified cost of securities at September 30, 2005 was \$340,869,391 and net unrealized appreciation aggregated \$468,348,021, of which the related gross unrealized appreciation and depreciation were \$473,122,258 and \$4,774,237 respectively.

### 8. PORTFOLIO SECURITIES LOANED

The Corporation makes loans of securities to brokers, secured by cash deposits, U.S. Government securities, or bank letters of credit. The Corporation accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Corporation also continues to receive interest or dividends on the securities loaned. The loans are secured at all times by collateral of at least 102% of the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Corporation. At September 30, 2005, the Corporation had securities on loan of \$21,424,366 and held collateral of \$21,931,392, consisting of an investment trust fund which may invest in money market instruments, commercial paper, repurchase agreements, U.S. treasury bills, and U.S. agency obligations.

### Item 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures:

(a) As of November 15, 2005, an evaluation was performed under the supervision and with the participation of the officers of Petroleum & Resources Corporation (the Corporation), including the principal executive officer (PEO) and principal financial officer ("PFO"), of the effectiveness of the Corporation's disclosure controls and procedures. Based on that evaluation, the Corporation's officers, including the PEO and PFO, concluded that, as of November 15, 2005, the Corporation's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Corporation on Form N-Q is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Corporation is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no significant changes in the Corporation's internal control over financial reporting (as

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defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Corporation's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 3. EXHIBITS.

The certifications of the principal executive officer and principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as Form N-Q Certifications.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PETROLEUM & RESOURCES CORPORATION

BY: /s/ Douglas G. Ober  
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Douglas G. Ober  
Chief Executive Officer

Date: November 15, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BY: /s/ Douglas G. Ober  
-----  
Douglas G. Ober  
Chief Executive Officer  
(Principal Executive Officer)

Date: November 15, 2005

BY: /s/ Maureen A. Jones  
-----  
Maureen A. Jones  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: November 15, 2005