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PETROLEUM & RESOURCES CORP

Form N-Q

April 25, 2007

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, 2006

Date of reporting period: September 30, 2006

Item 1: SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS

-----  
September 30, 2006  
(unaudited)

Shares  
or Units      Value (A)  
-----

Stocks And Convertible Securities -- 93.4%

Energy -- 86.4%

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Integrated -- 37.3%

Aventine Renewable Energy		
Holdings, Inc. (B).....	40,000	\$ 855,600
BP plc ADR.....	425,000	27,871,500
Chevron Corp.....	635,000	41,186,100
ConocoPhillips.....	556,891	33,151,721
Exxon Mobil Corp.....	1,245,000	83,539,500
Hess Corp. (B).....	195,000	8,076,900
Holly Corp.....	420,000	18,198,600
Marathon Oil Co.....	120,000	9,228,000
Murphy Oil Corp.....	216,500	10,294,575
Royal Dutch Shell plc ADR.....	275,000	18,177,500
Suncor Energy.....	100,000	7,205,000
Total S.A. ADR.....	240,000	15,825,600
Valero Energy Corp.....	355,000	18,271,850
		-----
		291,882,446
		-----

Exploration & Production -- 15.3%

Apache Corp.....	158,200	9,998,240
Devon Energy Corp.....	340,000	21,471,000
EOG Resources, Inc.....	320,000	20,816,000
Hugoton Royalty Trust.....	23,343	615,088
Newfield Exploration Co. (C)...	175,000	6,744,500
Noble Energy, Inc. (B).....	430,000	19,603,700
Occidental Petroleum Corp.....	400,000	19,244,000
Pioneer Natural		
Resources Co.....	125,000	4,890,000
XTO Energy Inc.....	390,000	16,430,700
		-----
		119,813,228
		-----

Services -- 20.9%

Baker Hughes, Inc.....	205,000	13,981,000
BJ Services Co.....	740,000	22,296,200
Bronco Drilling Co., Inc. (C)...	4,600	80,868
ENSCO International, Inc.....	134,150	5,879,795
GlobalSantaFe Corp.....	290,000	14,497,100
Grant Prideco Inc. (C).....	308,000	11,713,240
Hercules Offshore, Inc.....	160,000	4,968,000
Nabors Industries Ltd. (C).....	520,000	15,470,000
Noble Corp.....	200,000	12,836,000
Schlumberger Ltd.....	560,000	34,736,800
TODCO (C).....	200,000	6,920,000
Weatherford International,		
Ltd. (C).....	493,560	20,591,323
		-----
		163,970,326
		-----

Shares  
or Units Value (A)

Utilities -- 12.8%

AGL Resources Inc.....	170,000	\$ 6,205,000
Duke Energy Corp.....	217,624	6,572,245
Energen Corp.....	400,000	16,748,000
Equitable Resources Inc.....	450,000	15,741,000

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MDU Resources Group, Inc.....	375,000	8,377,500
National Fuel Gas Co. (B).....	200,000	7,270,000
New Jersey Resources Corp.....	200,000	9,860,000
Questar Corp.....	200,000	16,354,000
SEMCO Energy, Inc.....	438,600	2,473,704
Williams Companies, Inc. (B).....	450,000	10,741,500
		-----
		100,342,949
		-----
Coals -- 0.1%		
CONSOL Energy Inc.....	30,000	951,900
		-----
Basic Industries -- 7.0%		
Basic Materials & Other -- 7.0%		
Air Products and Chemicals, Inc.....	125,000	8,296,250
Aqua America, Inc. (B).....	352,000	7,722,880
Arkema Inc.....	6,000	284,700
du Pont (E.I.) de Nemours and Co...	157,500	6,747,300
Florida Rock Industries Inc.....	105,000	4,064,550
General Electric Co.....	454,800	16,054,440
Martin Marietta Materials, Inc.....	30,000	2,538,600
Rohm & Haas Co.....	200,000	9,470,000
		-----
		55,178,720
		-----
Total Stocks And Convertible Securities (Cost \$324,572,197) (D).....		\$732,139,569
		-----

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SCHEDULE OF INVESTMENTS (continued)

September 30, 2006  
(unaudited)

	Prin. Amt.	Value (A)
	-----	-----
-		
Short-Term Investments -- 6.3%		
U.S. Government Obligations -- 1.9%		
U.S. Treasury Bills, 4.74-4.98%, due 11/16/06.....	\$15,000,000	\$14,905,301
		-----
Time Deposit -- 0.0%		
Bank of America Corp., 4.63%, due 10/2/06.....		307,649
		-----
Commercial Paper -- 4.4%		
American General Finance, Inc., 5.25%, due 10/24/06	3,900,000	3,886,931

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Cargill, Inc., 5.23%, due 10/23/06	3,900,000	3,887,535
Chevron Funding Co., 5.20%, due 10/5/06.....	3,500,000	3,497,978
General Electric Capital Corp., 5.21-5.23%, due 10/12/06- 10/26/06.....	6,300,000	6,281,814
General Electric Capital Services Corp., 5.23%, due 10/10/06-10/31/06.....	6,350,000	6,336,765
	Prin. Amt.	Value (A)
	-----	-----
Toyota Motor Credit Corp., 5.20- 5.23%, due 10/5/06-10/19/06	\$ 4,500,000	\$ 4,491,126
United Parcel Services, Inc., 5.12%, due 10/5/06	6,400,000	6,398,089
		-----
		34,780,238
		-----
Total Short-Term Investments (Cost \$49,993,188).....		49,993,188
		-----
Securities Lending Collateral -- 4.0% Brown Brothers Investment Trust, 5.25%, due 10/2/06.....		31,187,345
		-----
Total Securities Lending Collateral (Cost \$31,187,345).....		31,187,345
		-----
Total Investments -- 103.7% (Cost \$405,752,730).....		813,320,102
Cash, receivables, prepaid expenses and other assets, less liabilities -- (3.7)%.		(29,681,930)
		-----
Net Assets -- 100.0%		\$783,638,172
		=====

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) Some of the shares of this company are on loan. See note 8 to financial statements.
- (C) Presently non-dividend paying.
- (D) The aggregate market value of stocks held in escrow at September 30, 2006 covering open call option contracts written was \$8,747,710. In addition, the aggregate market value of securities segregated by the Corporation's custodian required to collateralize open put option contracts written was \$7,312,500.

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

September 30, 2006  
(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
COVERED CALLS				
150	Holly Corp.....	\$ 60	Dec 06	\$ 16,709
200	Marathon Oil Co.....	100	Jan 07	24,171
30	Martin Marietta Materials, Inc.....	140	Oct 06	(1,900)
50	Martin Marietta Materials, Inc.....	100	Jan 07	5,159
100	Murphy Oil Corp.....	55	Oct 06	12,699
500	Questar Corp.....	80	Jan 07	(49,518)
200	Total S.A. ADR.....	70	Nov 06	20,899
-----				-----
1,230				28,219
-----				-----
COLLATERALIZED PUTS				
150	Aventine Renewable Energy Holdings, Inc.	22.50	Oct 06	(13,950)
100	ENSCO International, Inc.....	40	Oct 06	6,699
200	ENSCO International, Inc.....	45	Oct 06	(17,523)
250	ENSCO International, Inc.....	40	Dec 06	(10,751)
100	Florida Rock Industries Inc.....	35	Dec 06	6,949
100	Florida Rock Industries Inc.....	30	Jan 07	5,199
100	Marathon Oil Co.....	75	Oct 06	(5,300)
100	Marathon Oil Co.....	67.50	Jan 07	(8,800)
100	Suncor Energy.....	65	Oct 06	4,199
100	Suncor Energy.....	65	Dec 06	(8,800)
150	Valero Energy Corp.....	50	Dec 06	(27,450)
100	Valero Energy Corp.....	55	Dec 06	(36,300)
-----				-----
1,550				(105,828)
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				\$ (77,609)
				=====

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(SELECTED) NOTES TO FINANCIAL STATEMENTS (Unaudited)

Petroleum & Resources Corporation (the Corporation) is registered under the Investment Act of 1940 as a nondiversified investment company. The Corporation is an internally-managed fund emphasizing petroleum and other natural resource investments. The investment objectives of

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the Corporation are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

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, 2006 was \$405,722,907 and net unrealized appreciation aggregated \$407,597,195, of which the related gross unrealized appreciation and depreciation were \$414,269,677 and \$6,672,482, 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 securities loaned that may occur during the term of the loan will be for the account of the Corporation. At September 30, 2006, the Corporation had securities on loan of \$30,339,147 and held collateral of \$31,187,345, 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 April 24, 2007, 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 April 24, 2007, 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 properly recorded, processed, and summarized in accordance with 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.

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Prior to this evaluation, the Corporation uncovered a weakness in its disclosure controls and procedures that caused this Form N-Q, which was due to be filed on or before November 29, 2006, not to be filed timely. This weakness was primarily attributable to human error. The 2006 Third Quarter Report to stockholders, containing the exact portfolio information called for in this Form N-Q, was timely issued and filed; however the Corporation failed to file this Form N-Q by the due date. To prevent similar problems in the future, the Corporation has modified its computer-based reminder system to issue alerts to the appropriate personnel of the need to prepare and file the Forms N-Q several times during the 60 day period for the filing.

(b) There have been no significant changes in the Corporation's internal control over financial reporting (as defined in Rule 30 a-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 have materially affected, or are 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 30 a-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: April 25, 2007

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

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Douglas G. Ober  
Chief Executive Officer  
(Principal Executive Officer)

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Date: April 25, 2007

BY: /s/ Maureen A. Jones

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Maureen A. Jones  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: April 25, 2007