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PETROLEUM & RESOURCES CORP

Form N-Q

October 22, 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

PETROLEUM & RESOURCES CORPORATION

(Exact name of registrant as specified in charter)

7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202

(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, 2007

Date of reporting period: September 30, 2007

SCHEDULE OF INVESTMENTS

September 30, 2007
(unaudited)

Shares Value (A)

Stocks And Convertible Securities -- 94.0%

Energy -- 87.9%

Integrated -- 36.9%

Chevron Corp.	715,000	\$ 66,909,700
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ConocoPhillips	556,891	48,878,323
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Exxon Mobil Corp.	1,245,000	115,237,200
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Hess Corp. (B)	195,000	12,973,350
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Marathon Oil Co.	240,000	13,684,800
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Murphy Oil Corp.	216,500	15,131,185
Royal Dutch Shell plc ADR	265,000	21,777,700
Suncor Energy	90,000	8,532,900
Total S.A. ADR	390,000	31,601,700
Valero Energy Corp.	425,000	28,551,500

363,278,358

Exploration & Production -- 14.4%

Apache Corp.	158,200	14,247,492
Devon Energy Corp.	330,000	27,456,000
EOG Resources, Inc. (B)	230,000	16,635,900
Forest Oil Corp (C)	37,000	1,592,480
Newfield Exploration Co. (C)	175,000	8,428,000
Noble Energy, Inc.	340,000	23,813,600
Occidental Petroleum Corp.	400,000	25,632,000
XTO Energy Inc.	390,000	24,117,600

141,923,072

Services -- 23.4%

Baker Hughes, Inc.	205,000	18,525,850
BJ Services Co.	240,000	6,372,000
Bronco Drilling Co., Inc. (B) (C)	240,000	3,552,000
ENSCO International, Inc.	209,150	11,733,315
GlobalSantaFe Corp.	290,000	22,045,800
Grant Prideco Inc. (C)	308,000	16,792,160
Hercules Offshore, Inc. (B) (C)	542,320	14,159,975
Nabors Industries Ltd. (C)	520,000	16,000,400
Noble Corp.	600,000	29,430,000
Schlumberger Ltd. (B)	560,000	58,800,000
Weatherford International, Ltd. (C)	493,560	33,157,361

230,568,861

Shares Value (A)

Utilities -- 13.2%

AGL Resources Inc.	170,000	\$ 6,735,400
Duke Energy Corp.	217,624	4,067,392
Energen Corp.	400,000	22,848,000
Equitable Resources Inc.	450,000	23,341,500
MDU Resources Group, Inc.	375,000	10,440,000
National Fuel Gas Co. (B)	200,000	9,362,000
New Jersey Resources Corp.	200,000	9,918,000
Northeast Utilities	100,000	2,857,000
Questar Corp.	320,000	16,809,600
SEMCO Energy, Inc. (C)	670,300	5,288,667
Spectra Energy Corp.	108,812	2,663,718
Williams Companies, Inc.	450,000	15,327,000

129,658,277

Basic Industries -- 6.1%

Basic Materials & Other -- 6.1%

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Air Products and Chemicals, Inc.	115,000	11,242,400
Aqua America, Inc. (B)	281,000	6,373,080
du Pont (E.I.) de Nemours and Co.	157,500	7,805,700
General Electric Co.	370,000	15,318,000
Lubrizol Corp.	125,000	8,132,500
Rohm & Haas Co.	200,000	11,134,000

		60,005,680

Total Stocks And Convertible Securities		
(Cost \$343,591,848) (D)		\$925,434,248

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SCHEDULE OF INVESTMENTS (continued)

September 30, 2007
(unaudited)

	Prin. Amt.	Value (A)
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Short-Term Investments -- 6.1%		
U.S. Government Obligations -- 1.5%		
U.S. Treasury Bills,		
4.29-4.65%, due 11/15/07	\$15,000,000	\$14,914,163

Time Deposit -- 0.0%		
Citibank, N.A.,		
4.37%, due 10/1/07	294,132	294,132

Commercial Paper -- 4.6%		
American Express Credit Corp.,		
4.70-5.21%, due 10/9/07-11/1/07	7,000,000	6,980,775
American General Finance, Inc.,		
4.78-5.15%, due 10/4/07-		
10/18/07	6,400,000	6,391,403
Chevron Funding Corp.,		
4.95%, due 10/16/07	4,800,000	4,790,100
Coca-Cola Enterprises Inc.,		
4.85%, due 10/22/07	3,600,000	3,589,815
General Electric Capital Corp.,		
4.98%, due 10/4/07	2,000,000	1,999,170
General Electric Capital Services		
Corp., 4.72%, due 10/23/07	5,000,000	4,985,578
LaSalle Bank Corp.,		
5.00%, due 10/11/07	1,500,000	1,497,917

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	Prin. Amt. -----	Value (A) -----
Prudential Funding, LLC, 5.23%, due 10/2/07	\$ 5,500,000	\$ 5,499,201
Toyota Motor Credit Corp., 5.14-5.21%, due 10/9/07- 10/11/07	7,000,000	6,990,599
United Parcel Service of America, Inc., 4.40%, due 10/30/07	2,300,000	2,291,848

		45,016,406

Total Short-Term Investments (Cost \$60,224,701)		60,224,701

Total Securities Lending Collateral -- 6.3% (Cost \$62,045,317)		
Brown Brothers Investment Trust, 5.24%, due 10/1/07		62,045,317

Total Investments -- 106.4% (Cost \$465,861,866)		1,047,704,266
Cash, receivables, prepaid expenses and other assets, less liabilities -- (6.4)%		(63,476,698)

Net Assets -- 100%		\$ 984,227,568
		=====

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, 2007 covering open call option contracts written was \$1,925,180. In addition, the aggregate market value of securities segregated by the Corporation's custodian required to collateralize open put option contracts written was \$3,895,000.

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PORTFOLIO SUMMARY

September 30, 2007
(unaudited)

TEN LARGEST PORTFOLIO HOLDINGS

Market Value % of Net Assets

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Exxon Mobil Corp.	\$115,237,200	11.7%
Chevron Corp.	66,909,700	6.8
Schlumberger Ltd.	58,800,000	6.0
ConocoPhillips	48,878,323	5.0
Weatherford International, Ltd.	33,157,361	3.3
Total S.A. ADR	31,601,700	3.2
Noble Corp.	29,430,000	3.0
Valero Energy Corp.	28,551,500	2.9
Devon Energy Corp.	27,456,000	2.8
Occidental Petroleum Corp.	25,632,000	2.6
	-----	-----
Total	\$465,653,784	47.3%

SECTOR WEIGHTINGS

[CHART]

Integrated	36.9%
Exploration & Production	14.4%
Services	23.4%
Utilities	13.2%
Basic Materials & Other	6.1%
Short-Term Investments	6.1%

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

September 30, 2007
(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
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COVERED CALLS

240	Marathon Oil Co.....	\$62.50	Oct 07	\$ 5,640
100	Rohm & Haas Co.....	55	Oct 07	(4,037)
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340				1,603
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COLLATERALIZED PUTS

150	GlobalSantaFe Corp....	60	Oct 07	12,300
100	Lubrizol Corp.....	55	Dec 07	4,700

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100	Lubrizol Corp.....	60	Dec 07	(5,800)
180	Noble Corp.....	40	Dec 07	1,529
150	Total S.A. ADR.....	75	Nov 07	(4,200)
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680				8,529
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				\$10,132
				=====

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(SELECTED) NOTES TO FINANCIAL STATEMENTS (Unaudited)

Petroleum & Resources Corporation (the Corporation) is registered under the Investment Company Act of 1940 as a non-diversified investment company. The Corporation is an internally-managed fund emphasizing petroleum and other natural resource investments. The investment objectives of 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, 2007 was \$465,832,043 and net unrealized appreciation aggregated \$581,872,223, of which the related gross unrealized appreciation and depreciation were \$583,698,982 and \$1,826,759, 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, 2007, the Corporation had securities on loan of \$60,681,454 and held collateral of \$62,045,317, 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.

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Conclusions of principal officers concerning controls and procedures:

(a) As of October 17, 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 October 17, 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 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 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

Douglas G. Ober
Chief Executive Officer

Date: October 22, 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.

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BY: /s/ Douglas G. Ober

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

Date: October 22, 2007

BY: /s/ Maureen A. Jones

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

Date: October 22, 2007