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PETROLEUM & RESOURCES CORP

Form N-Q

April 27, 2006

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

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(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: March 31, 2006

Item 1: SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS

-----  
March 31, 2006  
(unaudited)

Shares      Value (A)  
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Stocks And Convertible Securities -- 98.2%

Energy -- 86.8%

Internationals -- 22.7%

BP plc ADR                      600,000    \$ 41,364,000

Chevron Corp.                    635,000    36,810,950

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Exxon Mobil Corp.	1,140,000	69,380,400
Royal Dutch Shell plc ADR	275,000	17,121,500
Total S.A. ADR	120,000	15,807,600

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180,484,450  
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Domestics -- 13.9%

Amerada Hess Corp.	65,000	9,256,000
ConocoPhillips	510,000	32,206,500
Holly Corp.	210,000	15,565,200
Kerr-McGee Corp.	107,647	10,278,136
Marathon Oil Co.	110,000	8,378,700
Murphy Oil Corp.	250,000	12,455,000
Valero Energy Corp.	240,000	14,347,200
Western Refining, Inc.	350,000	7,567,000

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110,053,736  
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Producers -- 16.5%

Apache Corp.	165,000	10,809,150
Burlington Resources Inc.	65,000	5,974,149
Devon Energy Corp.	340,000	20,797,800
EOG Resources, Inc. (B)	320,000	23,040,000
Newfield Exploration Co. (C)	175,000	7,332,500
Noble Energy, Inc.	430,000	18,885,600
Occidental Petroleum Corp.	200,000	18,530,000
Pioneer Natural Resources Co.	175,000	7,743,750
XTO Energy Inc.	400,000	17,428,000

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130,540,949  
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Distributors -- 11.4%

AGL Resources Inc.	170,000	6,128,500
Duke Energy Corp.	217,624	6,343,740
Energen Corp.	400,000	14,000,000
Equitable Resources Inc.	450,000	16,429,500
MDU Resources Group, Inc.	250,000	8,362,500
National Fuel Gas Co.	200,000	6,544,000
New Jersey Resources Corp.	200,000	9,050,000
Questar Corp.	200,000	14,010,000
Williams Companies, Inc.	450,000	9,625,500

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90,493,740  
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Shares  
or Units Value (A)  
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Services -- 22.3%

Baker Hughes, Inc.	130,000	\$ 8,892,000
BJ Services Co.	740,000	25,604,000
GlobalSantaFe Corp.	290,000	17,617,500
Grant Prideco Inc. (C)	308,000	13,194,720
Hercules Offshore, Inc.	110,000	3,741,100
Nabors Industries Ltd. (C)	260,000	18,610,800
Noble Corp.	185,000	15,003,500
Precision Drilling Trust (B)	300,000	9,702,000

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Schlumberger Ltd.	280,000	35,439,600
TODCO (C)	175,000	6,896,750
Weatherford International, Ltd. (C)	493,560	22,580,370
		-----
		177,282,340
		-----
Basic Industries -- 11.4%		
Basic Materials & Other -- 10.9%		
Air Products and Chemicals, Inc.	125,000	8,398,750
Aqua America, Inc.	380,000	10,571,600
Arch Coal Inc.	200,000	15,188,000
Consol Energy Inc.	160,000	11,865,600
du Pont (E.I.) de Nemours and Co.	157,500	6,648,075
Florida Rock Industries Inc.	75,000	4,216,500
General Electric Co.	454,800	15,817,944
Martin Marietta Materials, Inc.	30,000	3,210,900
Rohm & Haas Co.	200,000	9,774,000
Tronox Inc. (C)	21,705	368,768
		-----
		86,060,137
		-----
Paper & Forest Products -- 0.5%		
Smurfit-Stone Container Corp. (C)	300,000	4,071,000
		-----
Total Stocks And Convertible Securities (Cost \$329,624,727) (D)		\$778,986,352
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SCHEDULE OF INVESTMENTS (continued)

March 31, 2006  
(unaudited)

	Prin. Amt.	Value (A)
	-----	-----
Short-Term Investments -- 1.7%		
U.S. Government Obligations -- 1.7%		
U.S. Treasury Bills, 4.40%, due 5/18/06	\$13,500,000	\$13,422,391
		-----
Time Deposit -- 0.0%		
Citibank, N.A., 4.15%, due 4/3/06		236,315
		-----
Total Short-Term Investments (Cost--\$13,658,706)		\$13,658,706
		-----

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	Value (A)
-	-----
Securities Lending Collateral -- 1.7%	
Brown Brothers Investment	
Trust, 4.67%, due 4/3/06	\$ 13,801,464
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Total Securities Lending	
Collateral (Cost--\$13,801,464)	13,801,464
	-----
Total Investments -- 101.6%	
(Cost--\$357,084,897)	806,446,522
Cash, receivables, prepaid	
expenses and other	
assets, less liabilities -- (1.6)%	(12,887,160)
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Net Assets -- 100.0%	\$793,559,362
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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 or all of these securities 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 March 31, 2006 covering open call option contracts written was \$16,686,831. In addition, the aggregate market value of securities segregated by the Corporation's custodian required to collateralize open put option contracts written was \$12,827,500.

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

March 31, 2006  
(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
COVERED CALLS				
59	Air Products and Chemicals, Inc.	\$ 70	Sep 06	\$ (6,962)
100	Apache Corp.....	75	Apr 06	13,700
100	Apache Corp.....	85	Jul 06	9,700
150	Aqua America, Inc.....	30	Jun 06	4,959
100	Arch Coal Inc.....	90	Jul 06	6,199
200	ConocoPhillips.....	75	May 06	18,399
150	Consol Energy Inc.....	90	Oct 06	(25,700)
100	EOG Resources, Inc.....	90	Apr 06	10,699
50	Kerr-McGee Corp.....	100	Apr 06	5,599
100	Kerr-McGee Corp.....	105	Jul 06	(3,301)

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100	Murphy Oil Corp.....	50	Apr	06	2,200
100	Murphy Oil Corp.....	55	Jul	06	(800)
100	Newfield Exploration Co.....	45	Jun	06	(7,800)
200	Newfield Exploration Co.....	50	Jun	06	4,975
200	Newfield Exploration Co.....	50	Sep	06	(14,134)
100	Pioneer Natural Resources Co....	45	Jun	06	(17,800)
100	Pioneer Natural Resources Co....	50	Jun	06	(800)
20	Total S.A.....	155	May	06	3,840
250	Total S.A.....	150	Aug	06	(5,750)
100	XTO Energy Inc.....	45	May	06	(3,300)
100	XTO Energy Inc.....	45	Aug	06	(10,800)
100	XTO Energy Inc.....	50	Aug	06	(3,800)
100	XTO Energy Inc.....	55	Aug	06	8,700
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2,679					(11,977)
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COLLATERALIZED PUTS

250	Arch Coal Inc.....	60	Jul	06	12,999
100	Baker Hughes, Inc.....	55	Jul	06	7,699
75	Baker Hughes, Inc.....	60	Jul	06	(2,850)
250	Exxon Mobil Corp.....	52.50	Apr	06	22,999
150	Exxon Mobil Corp.....	50	Jul	06	13,799
100	Florida Rock Industries Inc....	50	Jun	06	1,199
100	Florida Rock Industries Inc....	45	Sep	06	(2,300)
100	Grant Prideco Inc.....	40	Apr	06	8,699
100	Grant Prideco Inc.....	35	Jul	06	4,199
100	Marathon Oil Co.....	65	Apr	06	10,699
65	Marathon Oil Co.....	70	May	06	(845)
200	Marathon Oil Co.....	60	Jul	06	19,399
75	Marathon Oil Co.....	65	Jul	06	10,649
100	Marathon Oil Co.....	55	Oct	06	5,699
100	Martin Marietta Materials, Inc..	65	Apr	06	22,445
150	Noble Corp.....	65	Jun	06	13,484
70	TODCO.....	30	Jun	06	5,039
150	Valero Energy Corp.....	45	Jun	06	11,099
150	Valero Energy Corp.....	47.50	Jun	06	7,049
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2,385					171,160
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					\$159,183
					=====

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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's investment objectives as well as the nature and risk of its investment transactions are set forth in the Corporation's registration statement.

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

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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 March 31, 2006 was \$357,055,074 and net unrealized appreciation aggregated \$449,391,448, of which the related gross unrealized appreciation and depreciation were \$452,682,645 and \$3,291,197 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 March 31, 2006, the Corporation had securities on loan of \$13,483,638 and held collateral of \$13,801,464, 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 21, 2006, 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 21, 2006, 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.

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### 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: April 27, 2006

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)

Date: April 27, 2006

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

Date: April 27, 2006