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PETROLEUM & RESOURCES CORP

Form N-Q

April 30, 2008

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, 2008

Date of reporting period: March 31, 2008

Item 1: SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS

March 31, 2008
(unaudited)

	Shares	Value (A)
-----	-----	-----
Stocks And Convertible Securities -- 99.3%		
Energy -- 92.1%		
Integrated -- 35.5%		
Chevron Corp.	715,000	\$ 61,032,400
ConocoPhillips	556,891	42,440,663
Exxon Mobil Corp.	1,245,000	105,302,100
Hess Corp.	195,000	17,195,100
Marathon Oil Co.	240,000	10,944,000
Murphy Oil Corp.	216,500	17,783,310

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Royal Dutch Shell plc ADR	265,000	18,279,700
Suncor Energy	90,000	8,671,500
Total S.A. ADR	390,000	28,863,900
Valero Energy Corp.	425,000	20,871,750

331,384,423

Exploration & Production -- 18.4%

Apache Corp.	200,000	24,164,000
Devon Energy Corp.	330,000	34,428,900
EOG Resources, Inc. (B)	230,000	27,600,000
Forest Oil Corp (C)	37,000	1,811,520
Noble Energy, Inc.	340,000	24,752,000
Occidental Petroleum Corp.	400,000	29,268,000
XTO Energy Inc.	487,500	30,156,750

172,181,170

Services -- 24.3%

Baker Hughes, Inc.	205,000	14,042,500
BJ Services Co.	202,600	5,776,126
ENSCO International, Inc.	209,150	13,096,973
Grant Prideco Inc. (C)	308,000	15,159,760
Hercules Offshore, Inc. (B) (C)	600,000	15,072,000
Nabors Industries Ltd. (C)	520,000	17,560,400
Noble Corp.	600,000	29,802,000
Schlumberger Ltd.	560,000	48,720,000
Transocean Inc. (C)	237,953	32,171,246
Weatherford International, Ltd. (C)	493,560	35,768,293

227,169,298

Utilities -- 13.9%

AGL Resources Inc.	170,000	5,834,400
Duke Energy Corp.	217,624	3,884,588
Energen Corp.	400,000	24,920,000
Equitable Resources Inc.	450,000	26,505,000
MDU Resources Group, Inc.	375,000	9,206,250
National Fuel Gas Co.	200,000	9,442,000
New Jersey Resources Corp.	300,000	9,315,000
Northeast Utilities	200,000	4,908,000
Questar Corp.	320,000	18,099,200
Spectra Energy Corp.	108,812	2,475,473
Williams Companies, Inc.	450,000	14,841,000

129,430,911

Shares/
Prin. Amt. Value (A)

Basic Industries -- 7.2%

Basic Materials & Other -- 7.2%

Air Products and Chemicals, Inc.	115,000	\$ 10,580,000
Aqua America, Inc. (B)	281,000	5,277,180
du Pont (E.I.) de Nemours and Co.	157,500	7,364,700
General Electric Co.	164,000	6,069,640
International Coal Group, Inc. (B) (C)	3,000,000	19,050,000

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Lubrizol Corp.	135,000	7,493,850
Massey Energy Co.	96,879	3,536,084
Rohm & Haas Co.	150,000	8,112,000

		67,483,454

Total Stocks And Convertible Securities (Cost \$366,034,527) (D)		927,649,256

Short-Term Investments -- 0.9%		
U.S. Government Obligations -- 0.3%		
U.S. Treasury Bills, 2.18%, due 5/15/08	\$3,000,000	2,992,007

Time Deposit -- 0.0%		
Wachovia Bank, 1.70%, due 4/1/08		218,353

Commercial Paper -- 0.6%		
Chevron Funding Corp., 2.05%, due 4/3/08	\$1,000,000	999,810
General Electric Capital Corp., 2.28%, due 4/1/08	\$2,000,000	2,000,000
Toyota Motor Credit Corp., 1.79%, due 4/3/08	\$2,500,000	2,499,751

		5,499,561

Total Short-Term Investments (Cost \$8,709,921)		8,709,921

Total Securities Lending Collateral -- 6.9%		
(Cost \$64,411,555)		
Brown Brothers Investment Trust, 3.02%, due 4/1/08		64,411,555

Total Investments -- 107.1%		
(Cost \$439,156,003)		1,000,770,732
Cash, receivables, prepaid expenses and other assets, less liabilities -- (7.1)%		(66,153,187)

Net Assets -- 100%	\$	934,617,545
		=====

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 March 31, 2008 covering open call option contracts written was \$6,055,800.

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March 31, 2008
(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
COVERED CALLS				
100	Air Products and Chemicals, Inc.	\$ 115	Sep 08	\$ (1,800)
100	ENSCO International, Inc.....	65	Apr 08	(5,290)
100	Equitable Resources Inc.....	65	Jun 08	700
100	Marathon Oil Co.....	55	Apr 08	19,780
100	Marathon Oil Co.....	60	Apr 08	9,200
100	Rohm & Haas Co.....	55	Apr 08	(1,800)
100	Rohm & Haas Co.....	60	Apr 08	12,199
100	Suncor Energy.....	125	Jun 08	3,700
100	Suncor Energy.....	135	Sep 08	(800)
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900				\$35,889
===				=====

(SELECTED) NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

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 Transactions and Investment Income--Investment transactions are accounted for on the trade date. Gain or loss on sales of securities and options is determined on the basis of identified cost. Dividend income and distributions to stockholders are recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

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 which approximates fair value. Purchased and written options are valued at the last quoted asked price.

The Corporation adopted Financial Accounting Standard Board

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Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. There was no impact on the fair value of assets individually or in aggregate upon adoption. In accordance with FAS 157, fair value is defined as the price that the Corporation would receive upon selling an investment in an orderly transaction to an independent buyer. FAS 157 established a three-tier hierarchy to establish classification of fair value measurements, summarized as follows:

- . Level 1 -- fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments,
- . Level 2 -- fair value is determined using other assumptions obtained from independent sources; for example, quoted prices for similar investments,
- . Level 3 -- fair value is determined using the Corporation's own assumptions, developed based on the best information available in the circumstances.

The Corporation's investments at March 31, 2008 are classified as follows:

	Investment in securities	Written options
	-----	-----
Level 1	\$ 927,649,256	\$78,000
Level 2	73,121,476*	--
Level 3	--	--
	-----	-----
Total	\$1,000,770,732	\$78,000

 *Comprised of short-term investments and securities lending collateral.

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 March 31, 2008, the Corporation had securities on loan of \$62,377,240 and held collateral of \$64,411,555, 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 April 30, 2008, 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 30, 2008, 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: April 30, 2008

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: April 30, 2008

BY: /s/ Maureen A. Jones

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

Date: April 30, 2008