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PETROLEUM & RESOURCES CORP

Form N-Q

November 12, 2004

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, 2004

Date of reporting period: September 30, 2004

Item 1: SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS

September 30, 2004
(unaudited)

	Prin. Amt. or Shares	Value (A)

Stocks And Convertible Securities -- 87.4%		
Energy -- 76.5%		
Internationals -- 25.4%		
BP plc ADR	600,000	\$ 34,518,000
ChevronTexaco Corp.	540,000	28,965,600

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Exxon Mobil Corp.	1,050,000	50,746,500
Royal Dutch Petroleum Co. ADR	400,000	20,640,000
"Shell" Transport and Trading Co., plc ADR	85,000	3,783,350
Total S.A. ADR (B)	140,000	14,303,800

		152,957,250

Domestics -- 8.2%		
Amerada Hess Corp.	100,000	8,900,000
ConocoPhillips	300,000	24,855,000
Kerr McGee Corp.	177,153	10,142,009
Murphy Oil Corp.	65,000	5,640,050

		49,537,059

Producers -- 14.5%		
Apache Corp.	190,000	9,520,900
Burlington Resources Inc.	266,800	10,885,440
Devon Energy Corp.	198,720	14,111,107
EOG Resources, Inc.	180,000	11,853,000
Noble Energy, Inc.	185,000	10,774,400
Occidental Petroleum Corp.	200,000	11,186,000
Pioneer Natural Resources Co. (C)	316,000	10,895,680
XTO Energy Inc.	250,000	8,120,000

		87,346,527

Distributors -- 14.6%		
AGL Resources Inc.	250,000	7,692,500
Aquila Inc. (B) (C)	2,000,000	6,240,000
Duke Energy Corp.	217,624	4,981,413
Energen Corp.	200,000	10,310,000
Equitable Resources Inc.	250,000	13,577,500
Keyspan Corp.	220,000	8,624,000
MDU Resources Group, Inc.	250,000	6,582,500
National Fuel Gas Co.	200,000	5,666,000
New Jersey Resources Corp.	277,500	11,488,500
Questar Corp.	200,000	9,164,000
Williams Companies, Inc. 9.0%		
FELINE PACS due 2005	120,000	1,620,000
Williams Companies, Inc.	200,000	2,420,000

		88,366,413

	Prin. Amt.	
	or Shares	Value (A)
	-----	-----
Services -- 13.8%		
Baker Hughes, Inc. (B)	130,000	\$ 5,683,600
BJ Services Co. (C)	370,000	19,391,700
GlobalSantaFe Corp.	200,000	6,130,000
Grant Prideco Inc. (C)	308,000	6,310,920
Nabors Industries Ltd. (C)	175,000	8,286,250
Noble Corp. (C)	185,000	8,315,750
Schlumberger Ltd.	280,000	18,846,800
Weatherford International,		

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Ltd. (C)	205,000	10,459,100

		83,424,120

Basic Industries -- 10.9%		
Basic Materials & Other -- 8.4%		
Air Products and Chemicals, Inc.	125,000	6,797,500
Aqua America, Inc.	315,000	6,964,650
Arch Coal Inc.	156,000	5,536,440
du Pont (E.I.) de Nemours and Co.	175,000	7,490,000
General Electric Co.	454,800	15,272,185
Rohm & Haas Co.	200,000	8,594,000

		50,654,775

Paper and Forest Products -- 2.5%		
Boise Cascade Corp. 7.5% ACES		
due 2004	51,000	2,534,700
Boise Cascade Corp.	205,000	6,822,400
Smurfit-Stone Container		
Corp. (C)	300,000	5,811,000

		15,168,100

Total Stocks And Convertible Securities		
(Cost \$273,689,140) (D)		\$527,454,244

SCHEDULE OF INVESTMENTS (continued)

September 30, 2004
(unaudited)

	Prin. Amt.	Value (A)
	-----	-----
Short-Term Investments --11.6%		
U.S. Government Obligations -- 1.7%		
U.S. Treasury Bills,		
1.38%, due 11/18/04	\$10,000,000	\$ 9,980,933

Commercial Paper -- 9.9%		
American General Finance Corp.,		
1.66-1.76%,		
due 10/19/04-10/26/04	7,000,000	6,993,249
Caterpillar Financial Services		
Corp., 1.69%, due 10/13/04	4,000,000	3,997,747
ChevronTexaco Funding		
Corp., 1.46-1.72%,		
due 10/7/04-11/9/04	6,435,000	6,427,820
Coca-Cola Corp., 1.72%,		
due 11/4/04	3,395,000	3,389,485
Coca-Cola Enterprises Inc.,		
1.76%, due 10/19/04	3,605,000	3,601,828
General Electric Capital Corp.,		
1.59-1.77%, due		

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10/7/04-11/16/04	6,595,000	6,586,439
GMAC New Center Asset Trust, 1.40-1.42%, due 10/5/04-10/7/04	7,000,000	6,995,847
Nestle Capital Corp., 1.72%, due 11/2/04	4,670,000	4,662,860
Proctor & Gamble Co., 1.71%, due 11/4/04	6,310,000	6,299,809
Toyota Motor Credit Corp., 1.59-1.71%, due 10/7/04-10/28/04	8,280,000	8,275,102
Unilever Capital Corp., 1.69%, due 10/18/04	2,690,000	2,687,853

		59,918,039

 Total Short-Term Investments (Cost \$69,898,972)		 \$69,898,972 -----

		Value (A)

Securities Lending Collateral -- 1.4%		
Money Market Fund		
BNY Institutional Cash Reserves Fund, 1.79%, due 10/1/04	\$ 8,703,281	-----
 Total Securities Lending Collateral (Cost \$8,703,281)		 8,703,281 -----
 Total Investments -- 100.4%		
(Cost \$352,291,393)	606,056,497	
Cash, receivables and other assets, less liabilities -- (0.4)%	(2,583,031)	-----
 Net Assets -- 100.0%		 \$603,473,466 =====

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 7 to financial statements.
- (C) Presently non-dividend paying.
- (D) The aggregate market value of stocks held in escrow at September 30, 2004 covering open call option contracts written was \$8,347,400. In addition, the aggregate market value of securities segregated by the Corporation's custodian required to collateralize open put option contracts written was \$7,587,500.

SCHEDULE OF OUTSTANDING OPTION CONTRACTS

September 30, 2004
(unaudited)

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Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
COVERED CALLS				
100	Amerada Hess Corp.	\$ 85	Nov 04	\$ (45,800)
150	Amerada Hess Corp.	90	Jan 05	(47,761)
250	Boise Cascade Corp.	40	Nov 04	24,249
200	Burlington Resources Inc.	40	Jan 05	(37,601)
200	ConocoPhillips	80	Jan 05	(72,601)
150	Royal Dutch Petroleum Co.	55	Jan 05	1,900
100	Total S.A.	105	Nov 04	2,200
100	Total S.A.	105	Feb 05	(11,300)
-----				-----
1,250				(186,714)
-----				-----
COLLATERALIZED PUTS				
200	Baker Hughes, Inc.	30	Oct 04	21,549
100	ConocoPhillips	70	Jan 05	5,200
150	du Pont (E.I.) de Nemours and Co.	37.50	Oct 04	13,050
72	Murphy Oil Corp.	50	Oct 04	5,544
135	Murphy Oil Corp.	75	Nov 04	2,340
100	Murphy Oil Corp.	60	Jan 05	6,600
135	Murphy Oil Corp.	65	Jan 05	966
100	Noble Energy, Inc.	50	Jan 05	6,200
250	Precision Drilling Corp.	45	Mar 05	18,099
100	Schlumberger Ltd.	50	Nov 04	18,099
150	Schlumberger Ltd.	50	Jan 05	11,550
-----				-----
1,492				109,197
-----				-----
				\$ (77,517)
				=====

(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 investments (excluding purchased options) are valued at amortized cost. Purchased and written options are valued at the last quoted asked price.

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7 . 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, 2004, the Corporation had securities on loan of \$7,357,118 and held collateral of \$8,703,281, consisting of a money market fund.

Item 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures:

(a) As of November 11, 2004, 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 11, 2004, 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 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

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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: November 11, 2004

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 11, 2004

BY: /s/ Maureen A. Jones

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

Date: November 11, 2004