

PETROLEUM & RESOURCES CORP  
Form N-CSR  
February 27, 2015

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES**

**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)

**Lawrence L. Hooper, Jr.  
Petroleum & Resources Corporation  
7 Saint Paul Street, Suite 1140  
Baltimore, Maryland 21202**

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(Name and address of agent for service)

**Registrant's telephone number, including area code:** (410) 752-5900

**Date of fiscal year end:** December 31

**Date of reporting period:** December 31, 2014

**Item 1. Reports to Stockholders.**



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**2014 AT A GLANCE**
**THE FUND**

a closed-end equity investment company specializing in energy and other natural resources stocks  
 objectives: preservation of capital  
 reasonable income

opportunity for capital gain

internally-managed  
 annual distribution rate of at least 6%

**STOCK DATA (12/31/14)**

NYSE Symbol PEO  
 Market Price \$23.84  
 52-Week Range \$21.50 \$31.62  
 Discount 13.5%  
 Shares Outstanding 27,380,920

**SUMMARY FINANCIAL INFORMATION**

	<b>Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Net asset value per share	\$ 27.56	\$ 32.26
Total net assets	754,505,739	863,689,833
Unrealized appreciation on investments	281,366,035	402,483,744
Net investment income	13,467,415	11,590,396
Net realized gain	35,112,615	37,428,311
Total return (based on market price)	(6.3)%	22.7%
Total return (based on net asset value)	(8.0)%	24.2%
Ratio of expenses to average net assets	0.63%	0.78%
Annual distribution rate	6.6%	7.2%

**2014 DIVIDENDS AND DISTRIBUTIONS**

<b>Paid</b>	<b>Amount (per share)</b>	<b>Type</b>
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March 3, 2014	\$ 0.06	Long-term capital gain
March 3, 2014	0.02	Short-term capital gain
March 3, 2014	0.02	Investment income
June 2, 2014	0.10	Investment income
September 2, 2014	0.10	Investment income
December 23, 2014	1.20	Long-term capital gain
December 23, 2014	0.10	Short-term capital gain
December 23, 2014	0.29	Investment income
	\$ 1.89	

**2015 ANNUAL MEETING OF SHAREHOLDERS**

*Location:* Belmond Charleston Place, Charleston, South Carolina

*Date:* April 30, 2015

*Time:* 10:00 a.m.

**PORTFOLIO REVIEW***December 31, 2014**(unaudited)***TEN LARGEST EQUITY PORTFOLIO HOLDINGS**

	<i>Market Value</i>	<i>Percent of Net Assets</i>
Exxon Mobil Corp.	\$ 125,586,853	16.6%
Chevron Corp.	83,372,176	11.0
Schlumberger Ltd.	53,466,660	7.1
EOG Resources, Inc.	32,961,060	4.4
Occidental Petroleum Corp.	32,647,050	4.3
Phillips 66	30,922,418	4.1
LyondellBasell Industries N.V. (Class A)	28,104,060	3.7
Dow Chemical Co.	24,971,475	3.3
Monsanto Co.	23,224,968	3.1
CF Industries Holdings, Inc.	22,912,165	3.0
Total	\$ 458,168,885	60.6%

**INDUSTRY WEIGHTINGS**

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**LETTER TO SHAREHOLDERS**

Dear Fellow Shareholders:

After a slow start to 2014, the S&P 500 reached an all-time high in December, marking the sixth consecutive year of gains. The rocky start to the year reflected soft U.S. economic data and fears that economic growth might be slowing in China, Japan and Europe. The Federal Reserve's decision in December 2013 to taper its bond-buying campaign raised fears of slowing the U.S. economy's momentum. Weather also took a heavy toll with unusually cold temperatures and heavy snow storms cutting into consumer spending, construction and industrial activity. Internationally, sharp declines in the currencies of Argentina and Turkey and tensions in Russia and the Ukraine heightened fears. Markets overcame these fears and, after the sell-off in January, recovered to finish in positive territory by the end of the first quarter.

Spring ushered in confidence that the U.S. economic recovery would gather pace despite the decline of 2.1% in Gross Domestic Product ( GDP ) for the first quarter. Earnings season was strong and reported job gains were broad-based, recovering to pre-recession levels. Strong manufacturing data, coupled with positive momentum in the housing market and robust merger and acquisition activity, confirmed that the economy had begun an upswing from both a difficult winter and the long, subpar expansion. Markets discounted the tepid international economic data and geopolitical risks in the Ukraine and Iraq, and though volume and volatility were low, markets rallied for the eighth consecutive quarter. In the months that followed, investors continued to observe positive economic data, but were less certain regarding market direction. Volatility returned after an extended period of calm as solid U.S. economic reports and potential rising interest rates contrasted sharply

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with weaker foreign markets and central bank initiatives. This dynamic also caused the U.S. dollar to move higher against most currencies.

Building toward year-end, risk aversion became apparent. Falling oil prices and disappointing European data along with ongoing geopolitical risks tested the market's conviction and led to a 7.4% drop in the S&P 500 moving into October. However, markets bounced back quickly as solid corporate earnings and guidance, a 5.0% rise in GDP, and surging U.S. economic data combined with monetary easing in Japan and interest rate cuts in China, assuaging investor concerns. During the year, a key theme that influenced investor decisions was the unfettered growth in domestic energy production. U.S. shale oil production accounted for virtually all of the increase in world production growth outside of OPEC in 2014. Subsequently, oil shale opportunities and the capital spending to develop them played an important role in the U.S. recovery. Jobs growth was significant and related industries prospered. That theme began to unravel by mid-year on the strength of the U.S. dollar and slowing demand growth, but the sell-off gained pace after Thanksgiving Day when OPEC decided to keep its output target unchanged. The decision not to cut production quotas stunned markets and oil prices plunged, taking with them many ancillary businesses. Market participants quickly identified beneficiaries of the downward move in oil prices. This helped to sustain the upward march of the broader markets, leading to an annual return on the S&P 500 of 13.7%.

Four years of oil averaging \$100 per barrel enabled the U.S. oil shale revolution to develop rapidly. Double digit U.S. production growth, along with OPEC's decision to maintain its production, collided with anemic demand growth to produce the perfect storm. Oversupplied markets minimized geopolitical concerns, and historic risk premiums were no longer factored into oil prices. Commodity prices instead honed in on supply/demand issues and the rising dollar, causing crude prices to be cut in half from June peaks. Oil closed the year slightly above \$50 per barrel.

Natural gas pricing met a similar demise. Exploration and production (E&P) companies in large part shifted capital spending budgets to focus on higher-return oil prospects. As oil production increased, gas produced in conjunction with oil (associated gas) also increased. Total gas produced increased by 5.5%, surpassing demand. Prompted by extreme weather conditions, gas prices spiked early in the year and peaked at \$6.20 per million British thermal units (MMBtu) but fell sharply to close the year at \$2.90/MMBtu, reflecting plentiful supply and ample storage.

2

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### LETTER TO SHAREHOLDERS (CONTINUED)

Against this backdrop, energy was the only sector in the S&P 500 that declined for the year. Petroleum & Resources distributed 6.6% to shareholders and generated a total return on market price of -6.3%. The Fund performed well in comparison to our peer group, the Lipper Global Natural Resources Funds Index, which returned -14.8%. The Dow Jones U.S. Oil and Gas Index return was -9.3% and the Dow Jones U.S. Basic Materials Index returned 3.4%. The Fund's total return on net asset value was -8.0%.

The dispersion of returns within our portfolio was high. The performance of companies involved in gathering, moving, and processing oil provided positive returns. The Fund's pipeline holdings, Kinder Morgan and Williams Companies, advanced 23.8%. On the other end of the spectrum, companies involved in exploring for and producing oil and gas suffered with the declining commodity price, hurting the Fund's overall performance. Having the greatest sensitivity to the price of oil, our drilling stocks responded with a -38.5% return. Overall, our E&P stocks returned -14.0%. Smaller-cap E&P names levered to oil prices, including Whiting Petroleum and Oasis Petroleum, were particularly impacted. Many larger-cap E&P companies with strong balance sheets and production increases fared relatively better. Our holding in EOG Resources bucked the decline in the sector and gained 10.3% for the year. The Fund's holdings in the integrated oil companies, including ExxonMobil and Chevron, returned -6.8%, as size and diversification of assets across the energy complex softened the impact of the falling oil price.

Basic materials stocks in the portfolio generally helped to offset the decline in energy stocks. Agricultural stocks generated good returns for the portfolio as they benefited from attractive plantings and advantaged raw material costs. CF Industries delivered a 19.3% return for the Fund and Monsanto returned 4.1%. Heading into the second half of the year, the containerboard market looked attractive and structurally sound after many years of oversupply. Specifically, specialty packaging was experiencing demand growth. In September, we identified an opportunity in Packaging Corporation of America based on its exposure to that growth and attractive margins versus competitors. The stock produced a 12.5% return through the end of the year.

#### LOOKING FORWARD TO 2015

Neither a supply reduction nor a demand increase will come easily in the short-run. Without OPEC intervention, the supply response will result from less investment in domestic E&P projects. Several U.S. shale producers have already announced plans to cut capital spending for 2015. However, a production response will take some time. While additional U.S. supply will flow from previous drilling, exerting pressure on oil prices in the first half of 2015, incremental oil production from shale plays should decline by the second half of the year. Future oil production from major international projects will also need to be absorbed, but a longer-term market balance is not hard to envision. Markets can be stabilized by shale growth slowing, OPEC curtailments or rising demand.

While OPEC currently seems willing to let market forces set the oil price, its member countries are under intense fiscal pressure to fund social spending programs. The unintended consequences of lower oil revenue in producing countries, including Russia and those in the Middle East, and geopolitical issues are always a threat to supply and can influence prices quickly.

A demand response for oil may vary geographically. In the U.S., a drop in energy prices represents a windfall in discretionary income. An increase in demand from lower-priced gasoline is already being recorded. Oil demand growth outside the U.S., however, is dependent on local economic activity, government pricing and the impact of a stronger U.S. dollar.

Lower domestic oil production resulting from capital spending declines will also benefit the U.S. natural gas supply/demand balance. Growth of associated gas from oil wells will fall as oil production declines. A normal weather demand pattern or slowing production growth could also stabilize prices.

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#### LETTER TO SHAREHOLDERS (CONTINUED)

The portfolio is positioned to weather the storm and participate when conditions improve. ExxonMobil and Chevron remain large positions for the Fund and offer defensive characteristics. Their diversified assets across the energy spectrum result in less sensitivity to the price of the commodity. We also continue to maintain a strong weighting in midstream companies for similar reasons. Our positions in Kinder Morgan and Williams Companies represent our exposure to that space. While cautious on the upstream, or producing side of the business, we believe EOG Resources has the asset base, business model and balance sheet to outperform its peers. In equipment and services, we are avoiding large exposure to drilling companies. We favor Schlumberger, a large, diversified international service company that we believe is a best-of-breed operator in this very challenging segment of the energy sector.



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Basic materials stocks offer attractive investment opportunities. We believe that exposure to secular growth trends and superior cost structures are important attributes for success in this segment. One area that offers superior growth is agricultural chemicals. Demand for agricultural products continues to grow unabated while new arable land is scarce. CF Industries and Monsanto help farmers increase yield on existing farmland in order to meet the rising demand. We believe that LyondellBasell, a major petrochemical company, has one of the best comparative cost structures in the sector. Inexpensive, U.S.-sourced natural gas gives them a sustainable cost advantage versus their global competitors. Also, management has consistently shown strong capital discipline, returning a large portion of their significant free cash flow to shareholders through both dividends and share repurchases.

Market volatility increased significantly the past year, which has proven challenging for active managers. A steadfast commitment to our philosophy and process has served us well. We strive to identify high quality companies that we can own for multiple years. We also look for near-term opportunities that can benefit our shareholders. Looking over the horizon, we are optimistic about the outlook for the Fund in 2015.

On January 21, 2015, we announced changes to the management of the Fund. Jim Haynie, who had held the position of Executive Vice President since 2013, was named President, succeeding Nancy Prue, who was named Executive Vice President, Director of Shareholder Communications. Jim has over 25 years of experience in equity investing and is well-versed in the energy sector. He and I will comprise the portfolio management team for the Fund. We want to thank Nancy for her invaluable contributions to the Fund. In her new role, she will be responsible for the content and delivery of information about the Funds to shareholders and the investment community.

During the past year, we completed a rebranding study for the Fund. Our objective was to remember our proud history but to more accurately reflect what we offer to investors today. Therefore, the decision was made to rebrand both Petroleum & Resources and our non-controlling affiliate, The Adams Express Company, under the Adams Funds platform. By bringing these Funds together under the Adams Funds platform, we are acknowledging the shared value proposition these Funds bring to shareholders through their longstanding history, unwavering commitment to serving generations of investors, and strong track records.

Beginning March 31, 2015, Petroleum & Resources will change its name to Adams Natural Resources Fund to increase investor awareness of what we do and what we offer. The Fund's ticker symbol will remain the same. Similarly, the name of The Adams Express Company will change to Adams Diversified Equity Fund. Our values and commitment to you will not change. The Funds will continue to share a Board of Directors and be managed by the experienced team of portfolio managers dedicated to employing a disciplined approach to identifying investment opportunities and carefully managing risk. Look for additional information in the coming weeks.

By order of the Board of Directors,

Mark E. Stoeckle  
*Chief Executive Officer*

January 23, 2015

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**STATEMENT OF ASSETS AND LIABILITIES**

*December 31, 2014*

**Assets**

Investments* at value:		
Common stocks (cost \$472,827,506)	\$ 753,950,867	
Short-term investments (cost \$988,681)	988,681	
Securities lending collateral (cost \$2,148,019)	2,148,019	\$ 757,087,567
Cash		351,354
Dividends and interest receivable		894,402
Prepaid pension cost		215,873
Prepaid expenses and other assets		1,305,071
<b>Total Assets</b>		<b>759,854,267</b>

**Liabilities**

Open written option contracts* at value (proceeds \$443,324)		200,650
Obligations to return securities lending collateral		2,148,019
Accrued pension liabilities		1,487,488
Accrued expenses and other liabilities		1,512,371
<b>Total Liabilities</b>		<b>5,348,528</b>
<b>Net Assets</b>		<b>\$ 754,505,739</b>

**Net Assets**

Common Stock at par value \$0.001 per share, authorized 50,000,000 shares; issued and outstanding 27,380,920 shares (includes 41,347 nonvested restricted shares, 11,200 nonvested or deferred restricted stock units, and 12,391 deferred stock units) (note 6)	\$	27,381
Additional capital surplus		473,964,033
Accumulated other comprehensive income (note 5)		(1,432,315)
Undistributed net investment income		101,177
Undistributed net realized gain on investments		479,428
Unrealized appreciation on investments		281,366,035
<b>Net Assets Applicable to Common Stock</b>		<b>\$ 754,505,739</b>
<b>Net Asset Value Per Share of Common Stock</b>		<b>\$27.56</b>

\* See Schedule of Investments on page 14 and Schedule of Outstanding Written Option Contracts on page 16.

*The accompanying notes are an integral part of the financial statements.*

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**STATEMENT OF OPERATIONS**

Year Ended December 31, 2014

**Investment Income**

<b>Income:</b>	
Dividends (net of \$13,035 in foreign taxes)	\$ 18,948,087
Other income	81,275
<i>Total income</i>	19,029,362
<b>Expenses:</b>	
Investment research	2,603,085
Administration and operations	1,195,293
Directors' compensation	452,803
Travel, training, and other office expenses	304,718
Reports and shareholder communications	193,960
Investment data services	160,828
Transfer agent, registrar, and custodian	155,496
Occupancy	148,308
Audit and accounting services	110,817
Legal services	108,776
Insurance	74,439
Other	53,424
<i>Total expenses</i>	5,561,947
<b>Net Investment Income</b>	<b>13,467,415</b>

**Realized Gain and Change in Unrealized Appreciation on Investments**

Net realized gain on security transactions	34,856,819
Net realized gain on written option contracts	255,796
Change in unrealized appreciation on securities	(121,745,401)
Change in unrealized appreciation on written option contracts	627,692
<b>Net Loss on Investments</b>	<b>(86,005,094)</b>

**Other Comprehensive Income (note 5)**

<b>Defined benefit pension plans:</b>	
Net actuarial loss arising during period	(485,480)
Amortization of net loss	96,519
<b>Other Comprehensive Income</b>	<b>(388,961)</b>
<b>Change in Net Assets Resulting from Operations</b>	<b>\$ (72,926,640)</b>

The accompanying notes are an integral part of the financial statements.

6

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**STATEMENTS OF CHANGES IN NET ASSETS**

	<b>For the Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>From Operations:</b>		
Net investment income	\$ 13,467,415	\$ 11,590,396
Net realized gain on investments	35,112,615	37,428,311

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Change in unrealized appreciation on investments	(121,117,709)	118,292,094
Change in accumulated other comprehensive income (note 5)	(388,961)	899,149
<i>Change in net assets resulting from operations</i>	<i>(72,926,640)</i>	<i>168,209,950</i>
<b>Distributions to Shareholders from:</b>		
Net investment income	(13,600,658)	(12,044,136)
Net realized gain from investment transactions	(36,790,519)	(37,060,004)
<i>Decrease in net assets from distributions</i>	<i>(50,391,177)</i>	<i>(49,104,140)</i>
<b>From Capital Share Transactions:</b>		
Value of shares issued in payment of distributions (note 4)	17,609,265	18,698,338
Cost of shares purchased (note 4)	(3,867,668)	(7,441,145)
Deferred compensation (notes 4, 6)	392,126	338,368
<i>Increase in net assets from capital share transactions</i>	<i>14,133,723</i>	<i>11,595,561</i>
<b>Total Change in Net Assets</b>	<b>(109,184,094)</b>	<b>130,701,371</b>
<b>Net Assets:</b>		
Beginning of year	863,689,833	732,988,462
End of year (including undistributed net investment income of \$101,177 and \$585,938, respectively)	\$ 754,505,739	\$ 863,689,833

*The accompanying notes are an integral part of the financial statements.*

7

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**NOTES TO FINANCIAL STATEMENTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

Petroleum & Resources Corporation is registered under the Investment Company Act of 1940 as a non-diversified investment company (the Fund). The Fund is an internally-managed closed-end fund specializing in energy and other natural resources stocks. The investment objectives of the Fund are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates made by Fund management. Management believes that estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the Fund ultimately realizes upon sale of the securities.

**Expenses** The Fund shares certain costs for investment research and data services, administration and operations, travel, training, office expenses, occupancy, accounting and legal services, insurance, and other miscellaneous items with its non-controlling affiliate, The Adams Express Company. Expenses that are not solely attributable to one fund are allocated to each fund based on relative net asset values or, in the case of investment research staff and related costs, relative market values of portfolio securities in the particular sector of coverage. Expense allocations are updated quarterly, as appropriate, except for those related to payroll, which are updated annually.

**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 specific identification. Dividend income and distributions to shareholders are recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

**Security Valuation** The Fund's investments are reported at fair value as defined under accounting principles generally accepted in the United States of America. 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 and money market funds) are valued at amortized cost, which approximates fair value. Purchased and written options are valued at the last quoted bid and asked price, respectively. Money market funds are valued at net asset value on the day of valuation.

Various inputs are used to determine the fair value of the Fund's investments. These inputs are summarized in the following three levels:

- 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 Fund's own assumptions, developed based on the best information available in the circumstances.

The Fund's investments at December 31, 2014 were classified as follows:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 753,950,867	\$	\$	\$ 753,950,867
Short-term investments	988,681			988,681
Securities lending collateral	2,148,019			2,148,019
Total investments	\$ 757,087,567	\$	\$	\$ 757,087,567
Written options	\$ (200,650)	\$	\$	\$ (200,650)

There were no transfers into or from Level 1 or Level 2 during the year ended December 31, 2014.

## 2. FEDERAL INCOME TAXES

No federal income tax provision is required since the Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and to distribute substantially all of its taxable income to its shareholders. Additionally, management has analyzed and concluded that tax positions included in federal income tax returns from the previous three years that remain subject to examination do not require any provision. Any income tax-related interest or penalties would be recognized as income tax expense. As of December 31, 2014, the identified cost of securities for federal income tax purposes was \$475,964,206 and net unrealized appreciation aggregated \$281,123,361, consisting of gross unrealized appreciation of \$324,650,539 and gross unrealized depreciation of \$43,527,178.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Distributions are determined in accordance with our annual 6% minimum distribution rate commitment, based on the Fund's average market price, and income tax regulations, which may differ from generally accepted accounting principles. Such differences are primarily related to the Fund's retirement plans and equity-based compensation. Differences that are permanent, while not material for the year ended December 31, 2014, are reclassified in the capital accounts of the Fund's financial statements and have no impact on net assets. For tax purposes, distributions paid by the Fund during the years ended December 31, 2014 and December 31, 2013 were classified as ordinary income of \$16,788,488 and \$14,916,062, respectively, and as long-term capital gain of \$33,566,928 and \$34,182,041, respectively. The tax basis of distributable earnings at December 31, 2014 was \$394,087 of undistributed ordinary income and \$1,455,876 of undistributed long-term capital gain.

**3. INVESTMENT TRANSACTIONS**

The Fund's investment decisions are made by the portfolio management team with recommendations from the research staff. Purchases and sales of portfolio securities, other than options and short-term investments, during the year ended December 31, 2014 were \$171,697,936 and \$194,945,328, respectively.

The Fund is subject to changes in the value of equity securities held ( equity price risk ) in the normal course of pursuing its investment objectives. The Fund may purchase and write option contracts to increase or decrease its equity price risk exposure or may write option contracts to generate additional income. Option contracts generally entail risks associated with counterparty credit, liquidity, and unfavorable equity price movements. The Fund has mitigated counterparty credit and liquidity risks by trading its options through an exchange. The risk of unfavorable equity price movements is limited for purchased options to the premium paid and for written options by writing only covered call or collateralized put option contracts, which require the Fund to segregate certain securities or cash at its custodian when the option is written. A schedule of outstanding option contracts as of December 31, 2014 can be found on page 16.

When the Fund writes (purchases) an option, an amount equal to the premium received (paid) by the Fund is recorded as a liability (asset) and is subsequently marked to market daily in the Statement of Assets and Liabilities, with any related change recorded as an unrealized gain or loss in the Statement of Operations. Premiums received (paid) from unexercised options are treated as realized gains (losses) on the expiration date and are separately identified in the Statement of Operations. Upon the exercise of written put (purchased call) option contracts, premiums received (paid) are deducted from (added to) the cost basis of the underlying securities purchased. Upon the exercise of written call (purchased put) option contracts, premiums received (paid) are added to (deducted from) the proceeds from the sale of underlying securities in determining whether there is a realized gain or loss.

Transactions in written covered call and collateralized put options during the year ended December 31, 2014 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2013	4,540	\$ 592,957	3,650	\$ 409,185

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Options written	11,567	1,171,579	8,551	1,062,073
Options terminated in closing purchase transactions	(2,150)	(324,409)	(2,765)	(331,925)
Options expired	(9,057)	(1,004,602)	(6,978)	(806,634)
Options exercised	(3,000)	(237,529)	(858)	(87,371)
Options outstanding, December 31, 2014	1,900	\$ 197,996	1,600	\$ 245,328

4. CAPITAL STOCK

The Fund has 5,000,000 authorized and unissued preferred shares, \$0.001 par value.

On December 23, 2014, the Fund issued 726,872 shares of its Common Stock at a price of \$24.19 per share (the average market price on December 8, 2014) to shareholders of record on November 24, 2014 who elected to take stock in payment of the year-end distribution from 2014 capital gain and investment income. During 2014, 1,041 shares were issued at a weighted average price of \$25.21 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

On December 27, 2013, the Fund issued 705,273 shares of its Common Stock at a price of \$26.48 per share (the average market price on December 9, 2013) to shareholders of record on November 25, 2013 who elected to take stock in payment of the year-end distribution from 2013 capital gain and investment income. During 2013, 870 shares were issued at a weighted average price of \$26.43

9

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

The Fund may purchase shares of its Common Stock from time to time, in accordance with parameters set by the Board of Directors, at such prices and amounts as the portfolio management team may deem appropriate.

Transactions in Common Stock for 2014 and 2013 were as follows:

	Shares		Amount	
	2014	2013	2014	2013
Shares issued in payment of distributions	727,913	706,143	\$ 17,609,265	\$ 18,698,338
Shares purchased (at a weighted average discount from net asset value of 15.0% and 14.5%, respectively)	(135,000)	(278,744)	(3,867,668)	(7,441,145)
Net activity under the 2005 Equity Incentive Compensation Plan	12,779	22,228	392,126	338,368
Net change	605,692	449,627	\$ 14,133,723	\$ 11,595,561

## 5. RETIREMENT PLANS

**Defined Contribution Plans** The Fund sponsors a qualified defined contribution plan for all employees with at least six months of service and a nonqualified defined contribution plan for eligible employees to supplement the qualified plan. The Fund expensed contributions to the plans in the amount of \$210,047, a portion thereof based on Fund performance, for the year ended December 31, 2014. The Fund does not provide postretirement medical benefits.

**Defined Benefit Plans** On October 1, 2009, the Fund froze its non-contributory qualified and nonqualified defined benefit pension plans. Benefits are based on length of service and compensation during the last five years of employment through September 30, 2009, with no additional benefits being accrued beyond that date. In 2014, the Fund filed with the appropriate agencies to obtain approval to terminate the plans. Upon receiving the required regulatory approvals, all benefits under the plans will be paid out and all related pension liabilities will be relieved.

The funded status of the plans is recognized as an asset (overfunded plan) or a liability (underfunded plan) in the Statement of Assets and Liabilities. Changes in the prior service costs and accumulated actuarial gains and losses are recognized as accumulated other comprehensive income, a component of net assets, in the year in which the changes occur and are subsequently amortized into net periodic pension cost. Non-recurring settlement costs are recognized in net periodic pension cost when a plan participant receives a lump-sum benefit payment and includes the amount of which is in excess of the present value of the projected benefit and any unamortized actuarial losses attributable to the portion of the projected benefit obligation being satisfied.

The Fund's policy is to contribute annually to the plans those amounts that can be deducted for federal income tax purposes, plus additional amounts as the Fund deems appropriate in order to provide assets sufficient to meet benefits to be paid to plan participants. The Fund contributed \$0 to the qualified plan and \$98,457 to the nonqualified plan in 2014. In 2015, the Fund anticipates making contributions to the plans to the extent that pension liabilities exceed assets available for plan benefits upon the termination of the plans.

The Fund uses a December 31 measurement date for its plans. Details in aggregate for the plans were as follows:

	2014	2013
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	\$ 5,220,842	\$ 7,224,455
Interest cost	187,700	219,235
Actuarial loss	477,134	68,167
Benefits paid	(141,274)	(90,838)
Effect of settlement (non-recurring)		(2,200,177)
Benefit obligation at end of year	\$ 5,744,402	\$ 5,220,842

	2014	2013
<b>Change in qualified plan assets</b>		
Fair value of qualified plan assets at beginning of year	\$ 4,510,420	\$ 6,490,137
Actual return on plan assets	5,184	263,277
Benefits paid	(42,817)	(42,817)
Settlement (non-recurring)		(2,200,177)
Fair value of qualified plan assets at end of year	\$ 4,472,787	\$ 4,510,420
Funded status	\$ (1,271,615)	\$ (710,422)



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The accumulated benefit obligation for all defined benefit pension plans was \$5,744,402 and \$5,220,842 at December 31, 2014 and 2013, respectively.

The primary investment objective of the Fund's qualified pension plan assets is capital preservation, achieved through a portfolio of mutual funds and pooled separate accounts (PSAs). PSAs, like mutual funds, are made up of a wide variety of underlying investments in securities. The Fund's targeted asset allocation for 2015 is to maintain approximately 60% of plan assets invested in short-term fixed income

10

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

securities and approximately 40% of plan assets invested in cash and money market securities.

The net asset value of mutual funds and PSAs are based on the fair value of its underlying investments. The fair value of the plan assets is determined using various inputs, summarized into the three levels described in footnote 1. The plan assets at December 31, 2014 were classified as follows:

	Level 1	Level 2	Level 3	Total
Fixed income securities	\$2,689,922	\$	\$	\$ 2,689,922
Money market securities	1,778,798	4,067		1,782,865
<b>Total</b>	<b>\$ 4,468,720</b>	<b>\$ 4,067</b>	<b>\$</b>	<b>\$ 4,472,787</b>

Items impacting the Fund's net investment income and accumulated other comprehensive income were:

	2014	2013
<b>Components of net periodic pension cost</b>		
Interest cost	\$ 187,700	\$ 219,235
Expected return on plan assets	(22,245)	(206,382)
Net loss component	96,519	278,362
Effect of settlement (non-recurring)		641,408
<b>Net periodic pension cost</b>	<b>\$ 261,974</b>	<b>\$ 932,623</b>

	2014	2013
<b>Accumulated other comprehensive income</b>		
Defined benefit pension plans:		
Balance at beginning of year	\$ (1,043,354)	\$ (1,942,503)
Net actuarial loss arising during period	(485,480)	(20,621)
Reclassifications to net periodic pension cost:		
Amortization of net loss	96,519	278,362
Effect of settlement (non-recurring)		641,408
<b>Balance at end of year</b>	<b>\$ (1,432,315)</b>	<b>\$ (1,043,354)</b>

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Accumulated other comprehensive income was comprised of net actuarial losses of \$(1,432,315) and \$(1,043,354) at December 31, 2014 and 2013, respectively. In 2015, the Fund estimates that \$174,629 of net losses will be amortized from accumulated other comprehensive income into net periodic pension cost and the remaining balance of net losses will be recognized upon termination of the plans.

Assumptions used to determine benefit obligations were:

	2014	2013
Discount rate	2.94%	3.82%
Rate of compensation increase		

The assumptions used to determine net periodic pension cost were:

	2014	2013
Discount rate	3.81%	3.62%
Expected long-term return on plan assets	1.20%	4.00%
Rate of compensation increase		

The assumption used to determine expected long-term return on plan assets was based on historical and future expected returns of multiple asset classes in order to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

The following benefit payments are eligible to be paid in the years indicated:

	Pension Benefits
2015	\$ 878,000
2016	134,000
2017	2,560,000
2018	444,000
2019	118,000
Years 2020-2024	640,000

### 6. EQUITY-BASED COMPENSATION

The 2005 Equity Incentive Compensation Plan ( 2005 Plan ), adopted at the 2005 Annual Meeting and re-approved at the 2010 Annual Meeting, permits the grant of restricted stock awards (both performance and nonperformance-based), as well as stock options and other stock incentives, to all employees and non-employee directors. Performance-based restricted stock awards vest at the end of a specified three-year period, with the ultimate number of shares earned contingent on achieving certain performance targets. If performance targets are not achieved, all or a portion of the performance-based restricted shares are forfeited and become available for future grants. Nonperformance-based restricted stock awards typically vest ratably over a three-year period and nonperformance-based restricted stock units (granted to non-employee directors) vest over a one-year period. Payment of awards may be deferred, if elected. The 2005 Plan provides for accelerated vesting in the event of death or retirement. Non-employee directors also may elect to defer a portion of their cash compensation, with such deferred amount to be paid by delivery of deferred stock units. Outstanding awards were granted at fair market value on grant date (determined by the average of the high and low price on that date). The 2005 Plan provides for the issuance of up to 872,639 shares of the Fund's Common Stock, of which 739,419 shares

remain available for future grants at December 31, 2014.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

A summary of the status of the Fund's awards granted under the 2005 Plan as of December 31, 2014, and changes during the year then ended is presented below:

Awards	Shares/ Units	Weighted Average Grant-Date Fair Value
Balance at December 31, 2013	61,728	\$ 27.41
Granted:		
Restricted stock	12,513	27.48
Restricted stock units	2,800	27.98
Deferred stock units	3,598	27.70
Vested & issued	(15,701)	26.87
Forfeited		
Balance at December 31, 2014 (includes 15,295 performance-based awards and 49,643 nonperformance-based awards)	64,938	\$ 27.60

Compensation cost resulting from awards granted under the 2005 Plan is based on the fair market value of the award on grant date and recognized on a straight-line basis over the requisite service period. For those awards with performance conditions, compensation cost is based on the most probable outcome and, if such goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed. The total compensation cost for restricted stock granted to employees for the year ended December 31, 2014 was \$385,667. The total compensation cost for restricted stock units granted to non-employee directors for the year ended December 31, 2014 was \$70,803. As of December 31, 2014, there was total unrecognized compensation cost of \$573,532, a component of additional capital surplus, related to nonvested equity-based compensation arrangements granted under the 2005 Plan. That cost is expected to be recognized over a weighted average period of 1.31 years. The total fair value of shares and units vested and issued during the year ended December 31, 2014 was \$425,944.

#### **7. OFFICER AND DIRECTOR COMPENSATION**

The aggregate remuneration paid during the year ended December 31, 2014 to officers and directors amounted to \$2,611,639, of which \$336,559 was paid as fees and compensation to directors who were not officers. These amounts represent the taxable income to the Fund's officers and directors and therefore differ from the amounts reported in the accompanying Statement of Operations that are recorded and expensed in accordance with generally accepted accounting principles.

#### **8. PORTFOLIO SECURITIES LOANED**

The Fund makes loans of securities to approved brokers to earn additional income. It receives as collateral cash deposits, U.S. Government securities, or bank letters of credit valued at 102% of the value of the securities on loan. The market value of the loaned securities is calculated based upon the most recent closing prices and any additional required collateral is delivered to the Fund on the next business day. Cash deposits are placed in a registered money market fund. The Fund 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 Fund also continues to receive interest or dividends on the securities loaned. 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 Fund. At December 31, 2014, the Fund had securities on loan of \$2,097,882 and held cash collateral of \$2,148,019. The Fund is indemnified by the Custodian, serving as lending agent, for loss of loaned securities and has the right under the lending agreement to recover the securities from the borrower on demand.

## 9. OPERATING LEASE COMMITMENTS

The Fund leases office space and equipment under operating lease agreements expiring at various dates through the year 2026. The Fund recognized rental expense of \$132,416 in 2014, and its minimum rental commitments are as follows:

2015	\$ 164,711
2016	78,329
2017	150,133
2018	153,950
2019	123,209
Thereafter	929,405
<b>Total</b>	<b>\$ 1,599,737</b>

12

## FINANCIAL HIGHLIGHTS

	Year Ended December 31,				
	2014	2013	2012	2011	2010
<b>Results Per Share Outstanding For Each Period</b>					
Net asset value, beginning of year	\$32.26	\$27.84	\$28.58	\$30.73	\$26.75
Net investment income	0.50	0.44	0.48	0.41	0.35
Net realized gains and increase (decrease) in unrealized appreciation	(3.23)	5.93	0.48	(0.42)	4.97
Change in accumulated other comprehensive income (note 5)	(0.01)	0.03		(0.03)	0.01
Total from investment operations	(2.74)	6.40	0.96	(0.04)	5.33
Less distributions					
Dividends from net investment income	(0.51)	(0.46)	(0.42)	(0.39)	(0.32)
Distributions from net realized gains	(1.38)	(1.42)	(1.18)	(1.58)	(0.95)
Total distributions	(1.89)	(1.88)	(1.60)	(1.97)	(1.27)
Capital share repurchases	0.03	0.05			
Reinvestment of distributions	(0.10)	(0.15)	(0.10)	(0.14)	(0.08)
Total capital share transactions	(0.07)	(0.10)	(0.10)	(0.14)	(0.08)

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Net asset value, end of year	\$27.56	\$32.26	\$27.84	\$28.58	\$30.73
Market price, end of year	\$23.84	\$27.38	\$23.92	\$24.48	\$27.01

**Total Investment Return\***

Based on market price	(6.3)%	22.7%	4.3%	(2.3)%	19.6%
Based on net asset value	(8.0)%	24.2%	4.0%	0.3%	20.8%

**Ratios/Supplemental Data**

Net assets, end of year (in 000 s)	\$754,506	\$863,690	\$732,988	\$732,811	\$761,736
Ratio of expenses to average net assets**	0.63%	0.78%	0.65%	0.56%	0.64%
Ratio of net investment income to average net assets***	1.53%	1.44%	1.67%	1.29%	1.32%
Portfolio turnover	19.6%	18.7%	11.7%	16.4%	16.8%
Number of shares outstanding at end of year (in 000 s)	27,381	26,775	26,326	25,641	24,790

\* Total investment return assumes reinvestment of all distributions at the price received in the Fund's dividend reinvestment plan.

\*\* The ratios of expenses to average net assets were 0.70% and 0.64%, in 2013 and 2012, respectively, after adjusting for non-recurring pension expenses as described in footnote 5.

\*\*\* The ratios of net investment income to average net assets were 1.52% and 1.68% in 2013 and 2012, respectively, after adjusting for non-recurring pension expenses as described in footnote 5.

13

**SCHEDULE OF INVESTMENTS**

*December 31, 2014*

	Shares	Value (A)
<b>Common Stocks 99.9%</b>		
<b>Energy 79.6%</b>		
<b>Exploration &amp; Production 26.7%</b>		
Anadarko Petroleum Corp. (E)	275,000	\$ 22,687,500
Cimarex Energy Co.	108,000	11,448,000
ConocoPhillips	197,000	13,604,820
Energen Corp.	190,000	12,114,400
EOG Resources, Inc.	358,000	32,961,060
EQT Corp.	140,000	10,598,000
Hess Corp.	115,000	8,489,300
Marathon Oil Corp.	571,000	16,153,590
Noble Energy, Inc.	373,500	17,715,105
Oasis Petroleum, Inc. (C)	162,500	2,687,750
Occidental Petroleum Corp.	405,000	32,647,050
Pioneer Natural Resources Co. (E)	99,500	14,810,575
Whiting Petroleum Corp. (C)	174,500	5,758,500
		201,675,650
<b>Integrated Oil &amp; Gas 29.2%</b>		
Chevron Corp.	743,200	83,372,176
Exxon Mobil Corp. (F)	1,358,430	125,586,853

21

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Suncor Energy Inc.	350,000	11,123,000
		220,082,029
<b>Oil Equipment &amp; Services 14.4%</b>		
Baker Hughes, Inc.	160,000	8,971,200
EnSCO plc (Class A)	140,000	4,193,000
Halliburton Co.	145,070	5,705,603
Nabors Industries Ltd.	162,897	2,114,403
National Oilwell Varco, Inc.	250,000	16,382,500
Oil States International Inc. (C)	170,000	8,313,000
Schlumberger Ltd.	626,000	53,466,660
Seadrill Ltd. (B)	200,003	2,388,036
Weatherford International plc (C)	645,000	7,385,250
		108,919,652
<b>Pipelines 3.6%</b>		
Kinder Morgan Inc.	380,000	16,077,800
Williams Companies, Inc.	250,000	11,235,000
		27,312,800
<b>Refiners 5.7%</b>		
Marathon Petroleum Corp.	132,300	11,941,398
Phillips 66	431,275	30,922,418
		42,863,816
<b>Basic Materials 20.3%</b>		
<b>Chemicals 16.3%</b>		
CF Industries Holdings, Inc.	84,069	22,912,165
Dow Chemical Co. (E)	547,500	24,971,475
Eastman Chemical Co. (E)	144,000	10,923,840
LyondellBasell Industries N.V. (Class A)	354,000	28,104,060
Monsanto Co.	194,400	23,224,968
Praxair, Inc.	97,300	12,606,188
		122,742,696

14

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2014

	Principal / Shares	Value (A)
<b>General Industrials 1.6%</b>		
Packaging Corp. of America	160,000	\$ 12,488,000

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<b>Gold &amp; Precious Metals 0.7%</b>		
SPDR Gold Trust (C) (E)	45,000	5,111,100
<b>Industrial Metals 1.5%</b>		
Freeport-McMoRan Copper & Gold Inc.	487,000	11,376,320
<b>Mining 0.2%</b>		
Peabody Energy Corp	178,140	1,378,804
<b>Total Common Stocks</b>		
(Cost \$472,827,506)		753,950,867
<b>Short-Term Investments 0.1%</b>		
<b>Money Market Account 0.1%</b>		
M&T Bank, 0.10%	\$ 888,681	888,681
<b>Money Market Funds 0.0%</b>		
Fidelity Institutional Money Market - Money Market Portfolio (Institutional Class), 0.11% (D)	100,000	100,000
<b>Total Short-Term Investments</b>		
(Cost \$988,681)		988,681
<b>Securities Lending Collateral 0.3%</b>		
(Cost \$2,148,019)		
<b>Money Market Funds 0.3%</b>		
Invesco Short-Term Investment Trust - Liquid Assets Portfolio (Institutional Class), 0.07% (D)	2,148,019	2,148,019
<b>Total Investments 100.3%</b>		
(Cost \$475,964,206)		757,087,567
Cash, receivables, prepaid expenses and other assets, less liabilities	<b>(0.3)%</b>	(2,581,828)
<b>Net Assets 100.0%</b>		\$ 754,505,739

Notes:

- (A) Common stocks are listed on the New York Stock Exchange or the NASDAQ and are valued at the last reported sale price on the day of valuation. See note 1 to financial statements.
- (B) A portion of shares held are on loan. See note 8 to financial statements.
- (C) Presently non-dividend paying.
- (D) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.
- (E) All or a portion of this security is pledged to cover open written call option contracts. Aggregate market value of such pledged securities is \$17,377,850.
- (F) All or a portion of this security is pledged to collateralize open written put option contracts with an aggregate market value to deliver upon exercise of \$16,100,000.

15

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**SCHEDULE OF OUTSTANDING WRITTEN OPTION CONTRACTS**

December 31, 2014

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Contracts

(100 shares		Contract		
each)	Security	Strike Price	Expiration Date	Value
<b>COVERED CALLS</b>				
300	Anadarko Petroleum Corp.	\$ 115	Jan 15	\$ 2,700
600	Dow Chemical Co.	55	Jan 15	600
300	Eastman Chemical Co.	90	Jan 15	1,500
250	Pioneer Natural Resources Co.	200	Jan 15	1,250
150	Pioneer Natural Resources Co.	210	Mar 15	15,000
150	Pioneer Natural Resources Co.	235	Jun 15	22,500
150	SPDR Gold Trust	143	Mar 15	1,350
1,900				44,900
<b>COLLATERALIZED PUTS</b>				
200	CF Industries Holdings, Inc.	210	Jan 15	4,400
250	EOG Resources, Inc.	85	Jan 15	21,500
250	EOG Resources, Inc.	87.50	Jan 15	34,250
500	Exxon Mobil Corp.	90	Jan 15	48,500
250	Packaging Corp. of America	57.50	Jan 15	11,250
150	SPDR Gold Trust	110	Mar 15	35,850
1,600				155,750
Total Option Liability (Unrealized Gain of \$242,674)				\$ 200,650

16

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors and Shareholders of Petroleum & Resources Corporation:**

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments in securities, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Petroleum & Resources Corporation (the Fund ) at December 31, 2014, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2014 by correspondence with the custodians and brokers, provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**



Baltimore, MD

February 17, 2015

17

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**CHANGES IN PORTFOLIO SECURITIES**

*During the Three Months Ended December 31, 2014*

*(unaudited)*

	<b>Shares</b>		<b>Held</b>
	<b>Additions</b>	<b>Reductions</b>	<b>Dec. 31, 2014</b>
Baker Hughes, Inc.	130,000		160,000
California Resources Corp.	162,000 <sup>(1)</sup>	162,000	
Cimarex Energy Co.	108,000		108,000
Energen Corp.	25,000		190,000
Energy Select Sector SPDR	190,000	190,000	
Halliburton Co.	14,200	480,000	145,070
Kinder Morgan Inc.	130,000		380,000
Oasis Petroleum, Inc.	12,500		162,500
Schlumberger Ltd.	66,000		626,000
SPDR S&P Oil & Gas Exploration & Production ETF	216,200	216,200	
Whiting Petroleum Corp.	34,500		174,500
Cabot Oil & Gas Corp.		339,300	
FMC Corp.		157,000	
Nabors Industries Ltd.		317,103	162,897
Peabody Energy Corp.		24,300	178,140
Praxair, Inc.		37,200	97,300

<sup>(1)</sup> By spinoff

18

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**HISTORICAL FINANCIAL STATISTICS**

*(unaudited)*

25

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Year	Value of Net Assets	Shares Outstanding	Net Asset Value Per Share	Market Value Per Share	Income Dividends Per Share	Capital Gains Distributions Per Share	Total Dividends and Distributions Per Share	Annual Distribution Rate*
2000**	\$ 688,172,867	21,053,644	\$ 32.69	\$ 27.31	\$ .39	\$ 1.35	\$ 1.74	6.9%
2001	526,491,798	21,147,563	24.90	23.46	.43	1.07	1.50	5.6
2002	451,275,463	21,510,067	20.98	19.18	.43	.68	1.11	5.1
2003	522,941,279	21,736,777	24.06	23.74	.38	.81	1.19	5.8
2004	618,887,401	21,979,676	28.16	25.78	.44	.88	1.32	5.4
2005	761,913,652	21,621,072	35.24	32.34	.56	1.22	1.78	5.9
2006	812,047,239	22,180,867	36.61	33.46	.47	3.33	3.80	11.2
2007	978,919,829	22,768,250	42.99	38.66	.49	3.82	4.31	11.6
2008	538,936,942	23,958,656	22.49	19.41	.38	2.61	2.99	8.9
2009	650,718,323	24,327,307	26.75	23.74	.37	1.03	1.40	6.6
2010	761,735,503	24,789,698	30.73	27.01	.32	.95	1.27	5.5
2011	732,810,692	25,641,018	28.58	24.48	.39	1.58	1.97	7.1
2012	732,988,462	26,325,601	27.84	23.92	.42	1.18	1.60	6.4
2013	863,689,833	26,775,228	32.26	27.38	.46	1.42	1.88	7.2
2014	754,505,739	27,380,920	27.56	23.84	.51	1.38	1.89	6.6

\* The annual distribution rate is the total dividends and capital gain distributions during the year divided by the Fund's average month-end stock price. For years prior to 2012, the average month-end stock price is determined for the calendar year. For 2012 and later, the average month-end stock price is determined for the twelve months ended October 31, which is consistent with the calculation used for the annual 6% minimum distribution rate commitment adopted in September 2012.

\*\* Adjusted for 3-for-2 stock split effected in October 2000.

19

PETROLEUM & RESOURCES CORPORATION

(unaudited)

Calendar year-end	Market value of original investment	Cumulative market value of shares from capital gains distributions	Cumulative market value of shares from income dividends	Total market value	Net asset value of total shares
2000	\$ 12,670	\$ 703	\$ 194	\$ 13,567	\$ 16,239
2001	10,884	1,150	353	12,387	13,148
2002	8,898	1,296	491	10,685	11,687
2003	11,013	2,110	845	13,968	14,156
2004	11,960	2,814	1,201	15,975	17,449
2005	15,003	4,270	1,856	21,129	23,024
2006	15,523	6,600	2,224	24,347	26,639
2007	17,935	10,505	2,930	31,370	34,885
2008	9,005	7,464	1,660	18,129	21,005
2009	11,013	10,176	2,422	23,611	26,605
2010	12,531	12,572	3,132	28,235	32,123
2011	11,357	13,028	3,207	27,592	32,212
2012	11,097	14,068	3,602	28,767	33,481
2013	12,702	17,889	4,695	35,286	41,575
2014	11,060	17,332	4,682	33,074	38,235

26

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### ILLUSTRATION OF AN ASSUMED 15 YEAR INVESTMENT OF \$10,000

Investment income dividends and capital gains distributions are taken in additional shares. This chart covers the years 2000-2014. Fees for the reinvestment of interim dividends are assumed as 2% of the amount reinvested (maximum of \$2.50) and commissions of \$0.05 per share. There is no charge for reinvestment of year-end distributions. No adjustment has been made for any income taxes payable by shareholders on income dividends, capital gains distributions, or the sale of any shares. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future.

20

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### SHAREHOLDER INFORMATION AND SERVICES

#### DIVIDEND PAYMENT SCHEDULE

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The Fund presently pays dividends four times a year, as follows: (a) three interim distributions on or about March 1, June 1, and September 1, and (b) a year-end distribution, payable in late December, consisting of the estimated balance of the net investment income for the year, the net realized capital gain earned through October 31 and, if applicable, a return of capital. Shareholders may elect to receive the year-end distribution in stock or cash. In connection with this distribution, all shareholders of record are sent a dividend announcement notice and an election card in mid-November. **Shareholders holding shares in street or brokerage accounts may make their election by notifying their brokerage house representative.**

### INVESTORS CHOICE

INVESTORS CHOICE is a direct stock purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, American Stock Transfer & Trust Corporation (AST). The Plan provides registered shareholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Fund shares. A brochure which further details the benefits and features of INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below. ***Fees are subject to change at any time.***

#### Fees:

Initial Enrollment and Optional Cash Investments:

Service Fee \$2.50 per investment

Brokerage Commission \$0.05 per share

Reinvestment of Dividends\*:

Service Fee 2% of amount invested

*(maximum of \$2.50 per investment)*

Brokerage Commission \$0.05 per share

Sale of Shares:

Service Fee \$10.00

Brokerage Commission \$0.05 per share

Deposit of Certificates for safekeeping \$7.50

*(waived if sold)*

#### Minimum and Maximum Cash Investments:

Initial minimum investment (non-holders) \$500

Minimum optional investment (existing holders) \$50

Electronic Funds Transfer (monthly minimum) \$50

Maximum per transaction \$25,000

Maximum per year NONE

#### INVESTORS CHOICE Mailing Address:

Attention: Dividend Reinvestment

P.O. Box 922

Wall Street Station

New York, NY 10269-0560

**Website:** [www.amstock.com](http://www.amstock.com)

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Book to Book Transfers Included

*E-mail:* info@amstock.com

*To transfer shares to another participant or to a new participant*

\* The year-end dividend and capital gain distribution will usually be made in newly issued shares of Common Stock. There are no fees or commissions in connection with this dividend and capital gain distribution when made in newly issued shares.

For shareholders whose stock is held by a broker in street name, the AST INVESTORS CHOICE Direct Stock Purchase and Sale Plan remains available through many registered investment security dealers. If your shares are currently held in a street name or brokerage account, please contact your broker for details about how you can participate in AST's Plan or contact AST.

### ELECTRONIC DELIVERY OF SHAREHOLDER REPORTS

The Fund offers shareholders the benefits and convenience of viewing Quarterly and Annual Reports and other shareholder materials on-line. With your consent, paper copies of these documents will cease with the next mailing and will be provided via e-mail. Reduce paper mailed to your home and help lower the Fund's printing and mailing costs. To enroll, please visit the following websites:

Registered shareholders with AST: [www.amstock.com/main](http://www.amstock.com/main)

Shareholders using brokerage accounts: <http://enroll.icsdelivery.com/PEO>

21

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### BOARD OF DIRECTORS

Personal Information	Position Held with the Fund	Term of Office	Length of Time Served	Principal Occupations	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships
<b>Independent Directors</b>						
Enrique R. Arzac, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 73	Director	One Year	Since 1987	Professor of Finance and Economics at the Graduate School of Business, Columbia University, formerly Vice	Two	Director of The Adams Express Company (closed-end fund), Aberdeen Asset Management Funds (6 closed-end funds), Credit Suisse Asset Management

29

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				Dean of Academic Affairs.		Funds (2 closed-end funds and 9 open-end funds), and Mirae Asset Discovery Funds (6 open-end funds). In addition, within the past five years, Dr. Arzac served as a director of Epoch Holdings Corporation (an investment management and investment advisory services company) and Starcomms Plc (telecommunications company).
Phyllis O. Bonanno	Director	One Year	Since 2003	Retired President & CEO of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Corporate Vice President of Warnaco, Inc. (apparel).	Two	Director of The Adams Express Company (closed-end fund) and Borg-Warner Inc. (industrial). In addition, within the past five years, Ms. Bonanno served as a director of Mohawk Industries, Inc. (carpets and flooring).
7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 71						
Kenneth J. Dale	Director	One Year	Since 2008	Senior Vice President and Chief Financial Officer of The Associated Press. Formerly, Vice President, JPMorgan Chase & Co. Inc.	Two	Director of The Adams Express Company (closed-end fund).
7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 58						
Frederic A. Escherich	Director	One Year	Since 2006	Private Investor. Formerly, Managing Director and head of Mergers and Acquisitions Research and the Financial Advisory Department with JPMorgan & Co. Inc.	Two	Director of The Adams Express Company (closed-end fund).
7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 62						
Roger W. Gale, Ph.D.	Director	One Year	Since 2005	President & CEO of GF Energy, LLC (consultants to electric power companies). Formerly, member of	Two	Director of The Adams Express Company (closed-end fund) and during the past five years also served as a director of Ormat Technologies,
7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 68						

management group of PA Consulting Group (energy consultants).  
 Inc. (geothermal and renewable energy).

**BOARD OF DIRECTORS (CONTINUED)**

<b>Personal Information</b>	<b>Position Held with the Fund</b>	<b>Term of Office</b>	<b>Length of Time Served</b>	<b>Principal Occupations</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships</b>
<b>Independent Directors (continued)</b>						
Kathleen T. McGahran, Ph.D., J.D., CPA 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 64	Director, Chair of the Board	One Year	Since 2003	President & CEO of Pelham Associates, Inc. (an executive education provider). Formerly, Associate Dean & Director of Executive Education and Associate Professor, Columbia University, and Adjunct Associate Professor, Stern School of Business, New York University and Tuck School of Business, Dartmouth College.	Two	Director of The Adams Express Company (closed-end fund).
Craig R. Smith, M.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 68	Director	One Year	Since 2005	Retired Chief Operating Officer of Algenol LLC (ethanol manufacturing). Formerly, President, Williston Consulting LLC (consultants to pharmaceutical and biotechnology industries) and Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceuticals and biotechnology).	Two	Director of The Adams Express Company (closed-end fund) and a Manager of Algenol LLC. In addition, within the past five years, Dr. Smith served as a director of Algenol Biofuels, Inc. (ethanol manufacturing), Depomed, Inc. (specialty pharmaceuticals), and LaJolla Pharmaceutical Company.
<b>Interested Director</b>					Two	

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Mark E. Stoeckle 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 58	Director and CEO	One Year	Since 2013	CEO of the Fund and CEO of The Adams Express Company.	Director of The Adams Express Company (closed-end fund).
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This report, including the financial statements herein, is transmitted to the shareholders of Petroleum & Resources Corporation for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in the report. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is no guarantee of future investment results.

23

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### OTHER INFORMATION

#### STATEMENT ON QUARTERLY FILING OF COMPLETE PORTFOLIO SCHEDULE

In addition to publishing its complete schedule of portfolio holdings in the First and Third Quarter Reports to shareholders, the Fund also files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website: [www.sec.gov](http://www.sec.gov). The Fund's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund also posts a link to its Forms N-Q on its website: [www.peteres.com](http://www.peteres.com) under the headings Investment Information, Financial Reports and then SEC Filings.

#### ANNUAL CERTIFICATION

The Corporation's CEO has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

#### PROXY VOTING POLICIES AND RECORD

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities owned by the Fund and the Fund's proxy voting record for the 12-month period ended June 30, 2014 are available (i) without charge, upon request, by calling the Fund's toll free number at (800) 638-2479; (ii) on the Fund's website: [www.peteres.com](http://www.peteres.com) under the headings About Petroleum & Resources and Corporate Information; and (iii) on the Securities and Exchange Commission's website: [www.sec.gov](http://www.sec.gov).

32



## FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund's actual results are the performance of the portfolio of stocks held by the Fund, the conditions in the U.S. and international financial, petroleum and other markets, the price at which shares of the Fund will trade in the public markets, and other factors discussed in the Fund's periodic filings with the Securities and Exchange Commission.

## PRIVACY POLICY

In order to conduct its business, the Fund, through its transfer agent, American Stock Transfer & Trust Company, collects and maintains certain nonpublic personal information about our shareholders of record with respect to their transactions in shares of our securities. This information includes the shareholder's address, tax identification or Social Security number, share balances, and dividend elections. We do not collect or maintain personal information about shareholders whose shares of our securities are held in street name by a financial institution such as a bank or broker.

We do not disclose any nonpublic personal information about you, our other shareholders or our former shareholders to third parties unless necessary to process a transaction, service an account or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about our shareholders to those employees who need to know that information to provide services to our shareholders. We also maintain certain other safeguards to protect your nonpublic personal information.

24

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PETROLEUM & RESOURCES CORPORATION

## Board Of Directors

Enrique R. Arzac<sup>1,3,5</sup>

Roger W. Gale<sup>1,3,4,5</sup>

Phyllis O. Bonanno<sup>1,2,5</sup>

Kathleen T. McGahran<sup>1,6</sup>

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Kenneth J. Dale<sup>2,3,4</sup>

Craig R. Smith<sup>1,2,5</sup>

Frederic A. Escherich<sup>2,3,4</sup>

Mark E. Stoeckle<sup>1</sup>

1. Member of Executive Committee
2. Member of Audit Committee
3. Member of Compensation Committee
4. Member of Retirement Benefits Committee
5. Member of Nominating and Governance Committee
6. Chair of the Board

### Officers

Mark E. Stoeckle

*Chief Executive Officer*

Nancy J.F. Prue, CFA

*President*

James P. Haynie, CFA

*Executive Vice President*

Brian S. Hook, CFA, CPA

*Vice President, Chief Financial Officer and Treasurer*

Lawrence L. Hooper, Jr.

*Vice President, General Counsel and Secretary*

Michael A. Kijesky, CFA

*Vice President Research*

Michael E. Rega, CFA

*Vice President Research*

Christine M. Sloan, CPA

*Assistant Treasurer*

### Petroleum & Resources Corporation

Seven St. Paul Street, Suite 1140, Baltimore, MD 21202

(410) 752-5900 (800) 638-2479

**Website:** [www.peteres.com](http://www.peteres.com)

**E-mail:** [contact@peteres.com](mailto:contact@peteres.com)

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*Counsel:* Chadbourne & Parke LLP

*Independent Registered Public Accounting Firm:* PricewaterhouseCoopers LLP

*Custodian of Securities:* Brown Brothers Harriman & Co.

*Transfer Agent & Registrar:* American Stock Transfer & Trust Company, LLC

Stockholder Relations Department

6201 15th Avenue

Brooklyn, NY 11219

(866) 723-8330

*Website:* [www.amstock.com](http://www.amstock.com)

*E-mail:* [info@amstock.com](mailto:info@amstock.com)



**Item 2. Code of Ethics.**

On June 12, 2003, the Board of Directors adopted a code of ethics that applies to the registrant's principal executive officer and principal financial officer. The code of ethics is available on the registrant's website at: [www.peteres.com](http://www.peteres.com). Since the code of ethics was adopted, there have been no amendments to it nor have any waivers from any of its provisions been granted.

**Item 3. Audit Committee Financial Expert.**

The Board of Directors has determined that at least one of the members of the registrant's audit committee meets the definition of audit committee financial expert as that term is defined by the Securities and Exchange Commission. The director on the registrant's audit committee whom the Board of Directors has determined meets such definition is Kenneth J. Dale, who is independent pursuant to paragraph (a)(2) of this Item.

**Item 4. Principal Accountant Fees and Services.**

(a) **Audit Fees.** The aggregate fees for professional services rendered by the registrant's independent registered public accounting firm, PricewaterhouseCoopers LLP, for the audit of the registrant's annual financial statements and review of the registrant's semi-annual financial statements for 2014 and 2013 were \$64,950 and \$66,854, as adjusted for subsequent billing, respectively.

(b) **Audit-Related Fees.** There were no audit-related fees in 2014 and 2013.

(c) **Tax Fees.** The aggregate fees for professional services rendered to the registrant by PricewaterhouseCoopers LLP for the review of the registrant's excise tax calculations and preparations of federal, state and excise tax returns for 2014 and 2013 were \$8,493 and \$7,492, respectively.

(d) **All Other Fees.** The aggregate fees for services rendered to the registrant by PricewaterhouseCoopers LLP, other than for the services referenced above, for 2014 and 2013 were \$4,190 and \$5,477, respectively, which related to the review of the registrant's procedures for calculating the amounts granted and vested for the registrant's employees in accordance with the registrant's cash incentive plan for 2013 and the 2005 Equity Incentive Compensation Plan for 2014 and 2013, review of the registrant's calculations related to those plans, and preparation of a related report to the registrant's Compensation Committee.

(e) (1) **Audit Committee Pre-Approval Policy.** The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent accountants. In assessing requests for services by the independent accountants, the audit committee considers whether such services are consistent with the auditor's independence; whether the independent accountants are likely to provide the most effective and efficient service based upon their familiarity with the registrant; and whether the service could enhance the registrant's ability to manage or control risk or improve financial statement audit and review quality. The audit committee may delegate pre-approval authority to its Chair. Any pre-approvals by the Chair under this delegation

are to be reported to the audit committee at its next scheduled meeting. All services performed in 2014 were pre-approved by the audit committee.

(2) Not applicable.

(f) Not applicable.

(g) The aggregate fees for non-audit professional services rendered by PricewaterhouseCoopers LLP to the registrant for 2014 and 2013 were \$12,683 and \$12,969, respectively.

(h) The registrant's audit committee has considered the provision by PricewaterhouseCoopers LLP of the non-audit services described above and found that they are compatible with maintaining PricewaterhouseCoopers LLP's independence.

#### **Item 5. Audit Committee of Listed Registrants.**

(a) The registrant has a standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the audit committee are: Kenneth J. Dale, Chair, Phyllis O. Bonanno, Frederic A. Escherich, and Craig R. Smith.

(b) Not applicable.

#### **Item 6. Investments.**

(a) This schedule is included as part of the Report to Stockholders filed under Item 1 of this form.

(b) Not applicable.

#### **Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

##### **PROXY VOTING GUIDELINES**

Petroleum & Resources Corporation ("Petroleum") follows long-standing general guidelines for the voting of portfolio company proxies and takes very seriously its responsibility to vote all such proxies. The portfolio company proxies are evaluated by our research staff and voted by our portfolio management team, and we annually provide the Board of Directors with a report on how proxies were voted during the previous year. We do not use an outside service to assist us in voting our proxies.

As an internally-managed investment company, Petroleum uses its own staff of research analysts and portfolio managers. In making the decision to invest in a company for the portfolio, among the factors the research team analyses is the integrity and competency of the company's management. We must be satisfied that the companies we invest in are run by managers with integrity. Therefore, having evaluated this aspect of our portfolio companies' managements, we give significant weight to the recommendations of the company's management in voting on proxy issues.

We vote proxies on a case-by-case basis according to what we deem to be the best long-term interests of our shareholders. The key over-riding principle in any proxy vote is that stockholders be treated fairly and equitably by the portfolio company's management. In general, on the election of directors and on routine issues that we do not believe present the possibility of an adverse impact upon our investment, after reviewing whether applicable corporate governance requirements as to board and committee composition have been met, we will vote in accordance with the recommendations of the company's management. When we believe that the management's recommendation is not in the best interests of our stockholders, we will vote against that recommendation.

Our general guidelines for when we will vote contrary to the recommendation of the portfolio company management's recommendation are:

### **Stock Options**

Our general guideline is to vote against stock option plans that we believe are unduly dilutive of our stock holdings in the company. We use a general guideline that we will vote against any stock option plan that results in dilution in shares outstanding exceeding 4%. Most stock option plans are established to motivate and retain key employees and to reward them for their achievement. An analysis of a stock option plan cannot be made in a vacuum but must be made in the context of the company's overall compensation scheme. In voting on stock option plans, we give consideration to whether the stock option plan is broad-based in the number of employees who are eligible to receive grants under the plan. We generally vote against plans that permit re-pricing of grants or the issuance of options with exercise prices below the grant date value of the company's stock.

### **Corporate Control/Governance Issues**

Unless we conclude that the proposal is favorable to our interests as a long-term shareholder in the company, we have a long-standing policy of voting against proposals to create a staggered board of directors. In conformance with that policy, we will generally vote in favor of shareholder proposals to eliminate the staggered election of directors.

Unless we conclude that the proposal is favorable to our interests as a long-term shareholder in the company, our general policy is to vote against amendments to a company's charter that can be characterized as blatant anti-takeover provisions.

With respect to so-called golden parachutes and other severance packages, it is our general policy to vote against proposals relating to future employment contracts that provide that compensation will be paid to any director, officer or employee that is contingent upon a merger or acquisition of the company.

We generally vote for proposals to require that the majority of a board of directors consist of independent directors and vote against proposals to establish a retirement plan for non-employee directors.

We have found that most stockholder proposals relating to social issues focus on very narrow issues that either fall within the authority of the company's management, under the oversight of its board of directors, to manage the day-to-day operations of the company or concern matters that are more appropriate for global solutions rather than company-specific ones. We consider these proposals on a case-by-case basis but usually are persuaded management's position is reasonable and vote in accordance with management's recommendation on these types of proposals.

## **Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

(a)

(1) As of the date of this filing, Mark E. Stoeckle, Chief Executive Officer and James P. Haynie, President, comprise the two-person portfolio management team for the registrant. Mr. Stoeckle has served as portfolio manager for the registrant since February 11, 2013; prior thereto, he served as Chief Investment Officer, U.S. Equities and Global Sector Funds, for BNP Paribas Investment Partners. Mr. Haynie has been a member of the portfolio management team since August 19, 2013, serving as President since January 16, 2015 and Executive Vice President from August 2013 to January 2015; prior thereto, Mr. Haynie served as Chief Investment Officer, U.S. Equities and Global Sector Funds, for BNP Paribas Investment Partners from February 2013 and was Senior Portfolio Manager at BNP Paribas Investment Partners from 2005 to 2013. Mr. Stoeckle is the lead member of the portfolio management team. Messrs. Stoeckle and Haynie receive investment recommendations from a team of research analysts and make decisions jointly about any equity transactions in the portfolio.

(2) As of the date of this filing, Messrs. Stoeckle and Haynie also serve on the portfolio management team for the registrant's non-controlling affiliate, The Adams Express Company (Adams), a registered investment company with total net assets of \$1,527,772,661 as of December 31, 2014. Mr. Stoeckle is President and Chief Executive Officer of Adams and Mr. Haynie is Executive Vice President. The registrant is a non-diversified fund focusing on the energy and natural resources sectors and Adams is a diversified fund with a different focus. There are few material conflicts of interest that may arise in connection with the portfolio management of both funds. The funds do not buy or sell securities or other portfolio holdings to or from the other, and policies and procedures are in place covering the sharing of expenses and the allocation of investment opportunities, including bunched orders and investments in initial public offerings, between the funds.

(3) As of December 31, 2014, the registrant's portfolio managers are compensated through a three-component plan, consisting of salary, annual cash incentive compensation, and annual equity incentive compensation. The aggregate compensation and value of each component in any year is determined by the Compensation Committee, comprised solely of independent director members of the Board of Directors ("Committee"). The Committee has periodically employed a compensation consultant to review the plan and its components. The structure and methods used to determine the compensation of the Portfolio Managers were as follows: Salaries are determined by using appropriate industry surveys and information about the local market. Incentive compensation is based on combination of relative fund performance of the



registrant and Adams, with a 70% weighting, and individual performance, with a 30% weighting. Target incentives are set annually based on aggregate compensation less salary for each position. Fund performance used in determining incentive compensation is measured over a one-year period, accounting for one-fourth of the calculation, a three-year period, which accounts for one-half, and a five-year period, which accounts for one-fourth. The registrant's total return on net asset value ("NAV") over each of these periods is used to determine performance relative to a blended benchmark of 80% Dow Jones U.S. Oil and Gas Index and 20% Dow Jones U.S. Basic Materials Index. Using these calculations, the incentive compensation can be less than or exceed the established target and is divided between cash and equity.

Equity incentive compensation, based on a plan approved by shareholders in 2005 and reapproved in 2010, can take several forms. During 2014, grants of the registrant's restricted stock were made to Messrs. Stoeckle and Haynie on January 9, 2014, which vest three years after grant date.

As of December 31, 2014, the structure of the compensation that the portfolio managers receive from Adams is the same as that for the registrant with the exception that the portfolio managers' incentive compensation is based on a comparison with the performance of a 50/50 blend of the S&P 500 Index and the Lipper Large-Cap Core peer group.

(4) Using a valuation date of December 31, 2014, Messrs. Stoeckle and Haynie each beneficially owned equity securities in the registrant valued between \$100,001 and \$500,000.

(b) Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

	Total Number of Shares (or Units Purchased)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
	-----	-----	-----	-----
January 2014	12,000	\$26.72	12,000	1,292,473
February 2014	15,600	\$26.62	15,600	1,276,873
March 2014	26,200	\$27.42	26,200	1,250,673
	15,400	\$28.26	15,400	1,235,273

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April 2014				
May 2014	29,400	\$29.29	29,400	1,205,873
June 2014	26,600	\$30.53	26,600	1,179,273
July 2014	9,800	\$31.13	9,800	1,169,473
August 2014	--	--	--	1,169,473
September 2014	--	--	--	1,169,473
October 2014	--	--	--	1,169,473
November 2014	--	--	--	1,169,473
December 2014	--	--	--	1,332,000(2c)
	-----	-----	-----	
Total	135,000(1)	\$28.65	135,000(2a)(2b)	

(1) There were no shares purchased other than through a publicly announced plan or program.

(2.a) The Plan was announced on November 15, 2013.

(2.b) The share amount approved in 2013 was 5% of outstanding shares, or 1,304,473 shares.

(2.c) The Plan was set to expire on December 31, 2014, but was extended by the Board on December 11, 2014, authorizing purchases of up to 5% of the outstanding shares, or approximately 1,332,000 shares.

(2.d) None.

(2.e) None.

**Item 10. Submission of Matters to a Vote of Security Holders.**

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board of Directors made or implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (as required by Item 22(b)(15) of Schedule 14A), or this Item.

**Item 11. Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.

(b) There have been no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

- (a) (1) Not applicable. See registrant's response to Item 2 above.
- (2) Separate certifications by the registrant's principal executive officer and principal financial officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached.
- (3) Written solicitation to purchase securities: not applicable.

(b) A certification by the registrant's principal executive officer and principal financial officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and required by Rule 30a-2(b) under the Investment Company Act of 1940, is attached.

**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/ Mark E. Stoeckle  
Mark E. Stoeckle  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 27, 2015

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/ Mark E. Stoeckle  
Mark E. Stoeckle

Chief Executive Officer  
(Principal Executive Officer)

Date: February 27, 2015

By: /s/ Brian S. Hook  
Brian S. Hook  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: February 27, 2015