

We are pleased to submit the financial statements of the Corporation for the nine months ended September 30, 2000. In addition, there is a schedule of investments provided along with other financial information.

Net assets of the Corporation at September 30, 2000 were \$50.65 per share, compared with \$39.48 per share at December 31, 1999, on the 13,637,630 shares and 14,314,180 shares outstanding on each respective date. On March 1, 2000, a distribution of \$0.20 per share was paid consisting of \$0.13 from 1999 long-term capital gain, \$0.03 from 1999 investment income and \$0.04 from 2000 investment income, all taxable in 2000. Regular 2000 investment income dividends of \$0.20 per share were paid on June 1, 2000 and September 1, 2000.

Net investment income for the nine months ended September 30, 2000 amounted to \$5,737,251, compared with \$7,758,637 for the same period in 1999. These earnings are equal to \$0.41 and \$0.56 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the nine months ended September 30, 2000 amounted to \$18,094,949, the equivalent of \$1.33 per share.

As noted on page 6 of this report, the Corporation realized a total investment return on its net asset value (with reinvestment of income and capital gains distributions) of 30.4% in the nine months ended September 30, 2000. The return on the market price of our stock was 32.6%, reflecting the narrowing of the discount of the market price from the net asset value. Both of these figures compare favorably to the (1.39)% return of the Standard & Poor's 500 Composite Index. All energy sectors recorded attractive stock market gains, with major natural gas pipelines, oil service companies and offshore drillers the best performers.

On September 20, 2000, the Board of Directors declared a 3-for-2 split of the Corporation's shares in the form of a 50% stock dividend to be paid on October 19, 2000. The excellent performance of the Corporation this year has been reflected in the stock price and the Board felt that by splitting the stock, it would be more attractive to investors and its liquidity would increase. This would serve the shareholders well. Specific information regarding the split will be mailed to shareholders with their new shares.

Current and potential shareholders can find information about the Corporation, including the daily net asset value (NAV) per share, the market price, and the discount/premium to the NAV, at its site on the Internet. The address for the site is www.peteres.com. Also available at the website are a brief history of the Corporation, historical financial information, and more general industry material. Further information regarding shareholder services is located on page 10 of this report.

The Corporation is an internally-managed equity fund emphasizing petroleum and other natural resource investments. The investment policy of the fund is based on the primary objectives of preservation of capital, the attainment of reasonable income from investments and, in addition, an opportunity for capital appreciation.

By order of the Board of Directors,



Douglas G. Ober,
*Chairman and
Chief Executive Officer*



Richard F. Koloski,
President

October 20, 2000

S T A T E M E N T O F A S S E T S A N D L I A B I L I T I E S

September 30, 2000
(unaudited)

Assets

Investments* at value:

 Common stocks and convertible securities

 (cost \$308,677,995)

\$672,821,530

 Short-term investments (cost \$18,748,492)

18,748,492 \$691,570,022

Cash

52,988

Securities lending collateral

80,932,747

Receivables:

 Investment securities sold

3,826,173

 Dividends and interest

580,173

Prepaid expenses

1,859,517

Total Assets

778,821,620

Liabilities

Investment securities purchased

3,150,000

Open option contracts at value (proceeds \$145,059)

67,500

Obligations to return securities lending collateral

80,932,747

Accrued expenses

3,956,001

Total Liabilities

88,106,248

Net Assets

\$690,715,372

Net Assets

Common Stock at par value \$1.00 per share, authorized

 50,000,000 shares; issued and outstanding 13,637,630 shares

\$ 13,637,630

Additional capital surplus

295,042,146

Undistributed net investment income

(283,108)

Undistributed net realized gain on investments

18,097,610

Unrealized appreciation on investments

364,221,094

Net Assets Applicable to Common Stock

\$690,715,372

Net Asset Value per Share of Common Stock

\$50.65

* See Schedule of Investments on pages 7 and 8.

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

S T A T E M E N T O F O P E R A T I O N S

Nine Months Ended September 30, 2000
(unaudited)

Investment Income

Income:	
Dividends	\$ 7,652,479
Interest	848,214
<hr/>	
<i>Total income</i>	8,500,693
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Expenses:	
Investment research	1,543,758
Administration and operations	553,477
Directors' fees	141,500
Reports and stockholder communications	158,257
Transfer agent, registrar and custodian expenses	103,976
Auditing and accounting services	52,961
Legal services	45,043
Occupancy and other office expenses	59,592
Travel, telephone and postage	46,858
Other	58,020
<hr/>	
<i>Total expenses</i>	2,763,442
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Net Investment Income	5,737,251
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Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	18,094,949
Change in unrealized appreciation on investments	133,755,141
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Net Gain on Investments	151,850,090
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Change in Net Assets Resulting from Operations	\$157,587,341

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

STATEMENT OF CHANGES IN NET ASSETS

	Nine Months ended Sept. 30, 2000 <i>(unaudited)</i>	Year ended December 31, 1999
From Operations:		
Net investment income	\$ 5,737,251	\$ 9,806,876
Net realized gain on investments	18,094,949	22,803,830
Change in unrealized appreciation on investments	133,755,141	75,425,708
<hr/>		
<i>Increase in net assets resulting from operations</i>	157,587,341	108,036,414
<hr/>		
Dividends to Stockholders from:		
Net investment income	(6,480,654)	(9,965,792)
Net realized gain from investment transactions	(1,827,095)	(22,284,614)
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<i>Decrease in net assets from distributions</i>	(8,307,749)	(32,250,406)
<hr/>		
From Capital Share Transactions:		
Value of shares issued in payment of optional distributions	—	15,851,054
Cost of shares purchased (note 4)	(23,639,221)	(1,383,179)
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<i>Change in net assets from capital share transactions</i>	(23,639,221)	14,467,875
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Total Increase in Net Assets	125,640,371	90,253,883
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Net Assets:		
Beginning of period	565,075,001	474,821,118
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End of period (including undistributed net investment income of \$(283,108) and \$460,295, respectively)	\$690,715,372	\$565,075,001

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Petroleum & Resources Corporation (the Corporation) is registered under the Investment Company Act of 1940 as a non-diversified investment company. The Corporation'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 are valued at amortized cost. Written options are valued at the last quoted asked price.

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

2. FEDERAL INCOME TAXES

The Corporation's policy is to distribute all of its taxable income to its shareholders in compliance with the requirements of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. For federal income tax purposes, the identified cost of securities, including options, at September 30, 2000 was \$327,464,162, and net unrealized appreciation aggregated \$364,250,919, of which the related gross unrealized appreciation and depreciation were \$382,314,816 and \$18,063,897, respectively.

Distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. Accordingly, periodic reclassifications are made within the Corporation's capital accounts to reflect income and gains available for distribution under income tax regulations.

3. INVESTMENT TRANSACTIONS

Purchases and sales of portfolio securities, other than options and short-term investments, during the nine months ended September 30, 2000 were \$39,295,760 and

\$69,148,982, respectively. The Corporation, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. Option transactions comprised an insignificant portion of operations during the period ended September 30, 2000. All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

4. CAPITAL STOCK

The Corporation may purchase shares of its common stock from time to time at such prices and amounts as the Board of Directors may deem advisable. At the beginning of 2000, the Corporation had purchased and was holding 43,200 shares of common stock at a total cost of \$1,383,179 and a weighted average discount from net asset value of 17.8%. During the nine months ended September 30, 2000, the Corporation purchased 676,550 shares of common stock at a total cost of \$23,639,221 and a weighted average discount from net asset value of 17.1%. At September 30, 2000, the Corporation held a total of 719,750 shares of its common stock.

The Corporation has 5,000,000 unissued preferred shares without par value.

The Corporation has an employee incentive stock option and stock appreciation rights plan which provides for the issuance of options and stock appreciation rights for the purchase of up to 815,000 shares of the Corporation's common stock at 100% of the fair market value at date of grant. Options are exercisable beginning not less than one year after the date of grant and extend and vest over ten years from the date of grant. Stock appreciation rights are exercisable beginning not less than two years after the date of grant and extend over the period during which the option is exercisable. The stock appreciation rights allow the holders to surrender their rights to exercise their options and receive cash or shares in an amount equal to the difference between the option price and the fair market value of the common stock at the date of surrender.

Under the plan, the exercise price of the options and related stock appreciation rights is reduced by the per share amount of capital gain paid by the Corporation during subsequent years. At the beginning of 2000, there were 148,916 options outstanding at a weighted average exercise price of \$22.4389 per share. During the nine months ended September 30, 2000, the Corporation granted options including stock appreciation rights for 15,223 shares of common stock with an exercise price of \$33.50. During the period stock appreciation rights relating to 11,074 stock option shares were exercised at a weighted average market price of \$37.7279 per share and the stock options relating to these

rights, which had a weighted average exercise price of \$19.5632 were cancelled. At September 30, 2000, there were outstanding exercisable options to purchase 62,098 common shares at \$13.815-33.625 (weighted average price of \$19.2366) per share and unexercisable options to purchase 90,967 common shares at \$18.2125-33.6250 per share (weighted average price of \$26.5925). The weighted average remaining contractual life of outstanding exercisable and unexercisable options was 3.9833 years and 6.8316 years, respectively. The total compensation expense for stock options and stock appreciation rights recognized for the nine months ended September 30, 2000 was \$1,271,402. At September 30, 2000, there were 320,907 shares available for future option grants.

5. RETIREMENT PLANS

The Corporation provides retirement benefits for its employees under a non-contributory qualified defined benefit pension plan. The benefits are based on years of service and compensation during the last 36 months of employment. The Corporation's current funding policy is to contribute annually to the plan only those amounts that can be deducted for federal income tax purposes. The plan assets consist primarily of investments in individual stocks and bonds and mutual funds.

The actuarially computed net pension cost credit for the nine months ended September 30, 2000 was \$111,618, and consisted of service cost of \$65,274, interest cost of \$146,623, expected return on plan assets of \$267,896, and net amortization credit of \$55,619.

In determining the actuarial present value of the projected benefit obligation, the interest rate used for the weighted average discount rate was 8.0%, the expected rate of annual salary increases was 7.0%, and the long-term expected rate of return on plan assets was 8.0%.

On January 1, 2000, the projected benefit obligation for service rendered to date was \$2,480,710. During the nine months ended September 30, 2000, the projected benefit obligation increased due to service cost and interest cost of \$65,274 and \$146,623, respectively, and decreased due to benefit payments in the amount of \$55,496. The projected benefit obligation at September 30, 2000 was \$2,637,111.

On January 1, 2000, the actual fair value of plan assets was \$4,501,921. During the nine months ended September 30, 2000, the fair value of plan assets increased due to the expected return on plan assets of \$267,896 and decreased due to benefit payments in the amount of \$55,496. At September 30, 2000, the projected fair value of plan assets amounted to \$4,714,321, which resulted in excess plan as-

sets of \$2,077,210. The remaining components of prepaid pension cost at September 30, 2000 included \$721,172 in unrecognized net gain, \$297,917 in unrecognized prior service cost and \$46,373 is the remaining portion of the unrecognized net asset existing at January 1, 1987, which is being amortized over 15 years. Prepaid pension cost included in other assets at September 30, 2000 was \$1,607,582.

In addition, the Corporation has a nonqualified benefit plan which provides employees with defined retirement benefits to supplement the qualified plan. The Corporation does not provide postretirement medical benefits.

6. EXPENSES

The cumulative amount of accrued expenses at September 30, 2000 for employees and former employees of the Corporation was \$2,787,780. Aggregate remuneration paid or accrued during the nine months ended September 30, 2000 to officers and directors amounted to \$1,963,027.

Research, accounting and other office services provided by

and reimbursed to The Adams Express Company, an investment company which owns 8.9% of the Corporation's common stock, amounted to \$125,083 for the nine months ended September 30, 2000.

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 by collateral of at least 102%, at all times, 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, 2000, the Corporation had outstanding loans of \$78,010,339 and held collateral of \$80,932,747.

FINANCIAL HIGHLIGHTS

	Nine Months Ended		Year Ended December 31				
	(unaudited)		1999	1998	1997	1996	1995
	Sept. 30, 2000	Sept. 30, 1999					
Per Share Operating Performance							
Net asset value, beginning of period	\$39.48	\$34.30	\$34.30	\$41.46	\$37.09	\$31.51	\$26.84
Net investment income	0.41	0.56	0.72	0.82	0.77	0.79	0.86
Net realized gains and change in unrealized appreciation (depreciation) and other changes	11.36	6.09	6.79	(5.69)	5.93	6.93	5.90
Total from investment operations	11.77	6.65	7.51	(4.87)	6.70	7.72	6.76
Less distributions							
Dividends from net investment income	(0.47)	(0.50)	(0.72)	(0.78)	(0.77)	(0.82)	(0.87)
Distributions from net realized gains	(0.13)	(0.10)	(1.61)	(1.51)	(1.56)	(1.32)	(1.22)
Total distributions	(0.60)	(0.60)	(2.33)	(2.29)	(2.33)	(2.14)	(2.09)
Net asset value, end of period	\$50.65	\$40.35	\$39.48	\$34.30	\$41.46	\$37.09	\$31.51
Per share market price, end of period	\$42.0625	\$33.8125	\$32.25	\$30.625	\$36.50	\$34.75	\$28.25
Total Investment Return							
Based on market price	32.6%	12.5%	13.3%	(10.0)%	11.7%	31.2%	20.5%
Based on net asset value	30.4%	19.8%	23.8%	(11.1)%	18.9%	25.5%	26.5%
Ratios/Supplemental Data							
Net assets, end of period (in 000's)	\$690,715	\$558,468	\$565,075	\$474,821	\$556,453	\$484,589	\$401,405
Ratio of expenses to average net assets	0.60% †	0.44% †	0.43%	0.31%	0.47%	0.63%	0.57%
Ratio of net investment income to average net assets	1.25% †	1.98% †	1.86%	2.13%	1.91%	2.31%	2.89%
Portfolio turnover	8.81% †	13.72% †	11.89%	12.70%	13.09%	15.50%	15.86%
Number of shares outstanding at end of period (in 000's)	13,638	13,841	14,314	13,841	13,423	13,066	12,739

†Ratios presented on an annualized basis.

SCHEDULE OF INVESTMENTS

September 30, 2000

(unaudited)

	Shares	Value (A)		Shares	Value (A)
Stocks And Convertible Securities — 97.4%					
Energy — 86.5%					
Internationals — 25.7%					
BP Amoco plc ADR	482,000	\$ 25,546,000			
Chevron Corp.	150,000	12,787,500			
Exxon Mobil Corp.	607,231	54,119,460			
Petrobras ADS (B)	120,000	3,607,500			
Royal Dutch Petroleum Co.	850,000	50,946,872			
“Shell” Transport and Trading Co., plc ADR	240,000	11,745,000			
Texaco Inc.	186,775	9,805,688			
TotalFinaElf ADR	125,000	9,179,688			
		177,737,708			
			Questar Corp.	268,000	\$ 7,453,750
			Williams Companies, Inc.	200,000	8,450,000
					86,939,813
Services — 15.2%					
BJ Services Co. (B)	200,000	12,225,000			
Core Laboratories (B)	209,400	5,143,388			
Diamond Offshore Drilling, Inc.	96,800	3,968,800			
ENSCO International, Inc.	120,000	4,590,000			
Global Industries Ltd. (B)	200,000	2,500,000			
Grant Prideco Inc. (B)	139,000	3,049,313			
Halliburton Co.	150,000	7,340,625			
Nabors Industries, Inc. (B)	225,000	11,790,000			
Petroleum Geo-Services ASA ADR (B)	250,000	4,312,500			
Santa Fe International Corp.	180,000	8,111,250			
Schlumberger Ltd.	229,400	18,882,488			
Transocean Sedco Forex Inc.	260,000	15,242,500			
Weatherford International, Inc. (B)	190,000	8,170,000			
					105,325,864
Electrical Power — 14.6%					
Calpine Capital Trust 5.75% Conv. Pfd. HIGH TIDES	87,500	16,045,313			
Calpine Corp. (B)	60,000	6,262,500			
Duke Energy Corp.	88,000	7,546,000			
Dynegy, Inc. Class A	200,000	11,400,000			
Enron Corp. \$27.30 Conv. Pfd. Ser. J	23,000	55,019,738			
Southern Energy 6.25% Conv. Pfd.	8,000	530,500			
Southern Energy Co. (B)	125,000	3,921,875			
					100,725,926
Basic Industries — 10.9%					
Basic Materials & Other — 7.8%					
Dover Corp.	140,000	6,571,250			
Engelhard Corp.	300,000	4,875,000			
Freeport-McMoRan Copper & Gold Inc. Ser. A (B)	127,603	1,052,725			
General Electric Co.	570,000	32,881,875			
Newpark Resources, Inc. (B)	370,000	3,422,500			
Southdown, Inc.	75,000	5,343,750			
					54,147,100
Paper and Forest Products — 3.1%					
Boise Cascade Corp.	205,000	5,445,313			
Fort James Corp.	205,600	6,283,650			
Mead Corp.	210,000	4,908,750			
Temple-Inland, Inc.	120,000	4,545,000			
					21,182,713
Total Stocks And Convertible Securities					672,821,530
(Cost \$308,677,995) (C)					

SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2000

(unaudited)

	<u>Prin. Amt.</u>	<u>Value (A)</u>		<u>Prin. Amt.</u>	<u>Value (A)</u>
Short-Term Investments — 2.7%					
<i>U.S. Government Obligations — 1.0%</i>					
U.S. Treasury Bills, 6.11%, due 11/24/00	\$7,000,000	\$6,935,863			
<i>Certificates of Deposit — 0.4%</i>					
Old Kent Bank & Trust, 6.48%, due 10/24/00	3,015,000	3,015,000			
<i>Commercial Paper — 1.3%</i>					
Chevron USA, 6.55%, due 10/2/00	2,285,000	2,284,584			
Ford Motor Credit Corp., 6.49%, due 10/10/00	2,500,000	2,495,944			
				\$4,020,000	\$ 4,017,101
					<u>8,797,629</u>
			Total Short-Term Investments		
			(Cost \$18,748,492)		<u>18,748,492</u>
			Total Investments		
			(Cost \$327,426,487)		691,570,022
			Cash, receivables and other assets, less liabilities		<u>(854,650)</u>
			Net Assets—100.0%		<u><u>\$690,715,372</u></u>

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) Presently non-dividend paying.
- (C) The aggregate market value of stocks held in escrow at September 30, 2000 covering open call option contracts written was \$3,469,375. In addition, the aggregate market value of securities segregated by the custodian required to collateralize open put option contracts written was \$2,250,000.

HISTORICAL FINANCIAL STATISTICS

<u>Dec. 31</u>	<u>Value of Net Assets</u>	<u>Common Shares Outstanding</u>	<u>Net Asset Value per Share</u>	<u>Dividends from Net Investment Income per Share</u>	<u>Distributions from Net Realized Gains per Share</u>
1990	\$308,599,851	10,793,289	\$28.59	\$1.10	\$1.25
1991	314,024,187	11,185,572	28.07	.92	1.23
1992	320,241,282	11,579,503	27.66	.77	1.23
1993	355,836,592	12,006,671	29.64	.82	1.30
1994	332,279,398	12,380,300	26.84	.92	1.18
1995	401,404,971	12,739,383	31.51	.87	1.22
1996	484,588,990	13,065,819	37.09	.82	1.32
1997	566,452,549	13,422,787	41.46	.77	1.56
1998	474,821,118	13,841,375	34.30	.78	1.51
1999	565,075,001	14,314,180	39.48	.72	1.61
September 30, 2000 (unaudited) . . .	690,715,372	13,637,630	50.65	.47	.13

This report, including the financial statements herein, is transmitted to the stockholders 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 Corporation or of any securities mentioned in this report. The rates of return will vary and the market value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is not indicative of future investment results.

During the Three Months Ended September 30, 2000
(unaudited)

	Shares		Held Sept. 30, 2000
	Additions	Reductions	
Anadarko Petroleum Corp.	102,746 ⁽¹⁾		297,746
Core Laboratories	54,400		209,400
Duke Energy Corp.	88,000		88,000
Dynegy, Inc. Class A	100,000 ⁽²⁾		200,000
Engelhard Corp.	50,000		300,000
Noble Affiliates, Inc.	33,145		125,000
Petrobras ADS	120,000		120,000
Southern Energy Co.	125,000		125,000
Avery Dennison Corp.		26,600	—
Calpine Corp.		20,000	60,000
Columbia Energy Group		100,000	—
EOG Resources Inc.		35,000	255,000
Energen Corp.		78,900	275,000
Fort James Corp.		64,400	205,600
Nabors Industries, Inc.		20,000	225,000
Southdown, Inc.		25,000	75,000
Union Pacific Resources Group, Inc.		225,816 ⁽¹⁾	—

⁽¹⁾Received .455 shares Anadarko Petroleum Corp. for each share of Union Pacific Resources Group, Inc. held.

⁽²⁾By stock split.

Common Stock

Listed on the New York Stock Exchange
and the Pacific Exchange

Petroleum & Resources Corporation

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Counsel: Chadbourne & Parke L.L.P.

Independent Accountants: PricewaterhouseCoopers LLP

Transfer Agent, Registrar & Custodian of Securities

The Bank of New York

101 Barclay Street

New York, NY 10007

The Bank's Shareholder Relations Department: (800) 432-8224

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DIVIDEND PAYMENT SCHEDULE

The Corporation 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 and the net realized capital gain earned through October 31. Stockholders may elect to receive the year-end distribution in stock or cash. In connection with this distribution, all **stockholders of record** are sent a dividend announcement notice and an election card in mid-November.

Stockholders holding shares in “street” or brokerage accounts may make their elections by notifying their brokerage house representative.

BuyDIRECTSM*

BuyDIRECT is a direct purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, The Bank of New York. The Plan provides registered stockholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Petroleum & Resources shares. Direct purchase plans are growing in popularity and Petroleum & Resources is pleased to participate in such a plan.

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below. Please note that the fees for the reinvestment of dividends as well as the \$0.05 per share commission for each share purchased under the Plan have not increased since 1973.

Initial Enrollment	\$7.50
<i>A one-time fee for new accounts who are not currently registered holders.</i>	
Optional Cash Investments	
Service Fee	\$2.50 per investment
Brokerage Commission	\$0.05 per share
Reinvestment of Dividends**	
Service Fee	10% 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	Included
Book to Book Transfers	Included
<i>To transfer shares to another participant or to a new participant</i>	

Fees are subject to change at any time.

Minimum and Maximum Cash Investments

Initial minimum investment (non-holders)	\$500.00
Minimum optional investment (existing holders)	\$50.00
Electronic Funds Transfer (monthly minimum)	\$50.00
Maximum per transaction	\$25,000.00
Maximum per year	NONE

A brochure which further details the benefits and features of BuyDIRECT as well as an enrollment form may be obtained by contacting The Bank of New York.

For Non-Registered Shareholders

For shareholders whose stock is held by a broker in “street” name, The Bank of New York’s Automatic Dividend Reinvestment 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 the Plan or contact The Bank of New York about the BuyDIRECT Plan.

The Corporation

Petroleum & Resources Corp.
Lawrence L. Hooper, Jr.,
Vice President, Secretary and
General Counsel
Seven St. Paul Street,
Suite 1140
Baltimore, MD 21202
(800) 638-2479
Website:
www.peteres.com
E-mail:
contact@peteres.com

The Transfer Agent

The Bank of New York
Shareholder Relations
Dept.-8W
P.O. Box 11258
Church Street Station
New York, NY 10286
(800) 432-8224
Website:
http://stock.bankofny.com
E-mail:
Shareowner-svcs@
bankofny.com

*BuyDIRECT is a service mark of The Bank of New York.

**The year-end dividend and capital gain distribution may be made in newly issued shares of common stock in which event there would be no fees or commissions in connection with this dividend and capital gain distribution.

PETROLEUM & RESOURCES CORPORATION

Board of Directors

Enrique R. Arzac ^{1,4}	Douglas G. Ober ¹
Daniel E. Emerson ^{2,4}	Landon Peters ^{2,4}
Thomas H. Lenagh ^{2,3}	John J. Roberts ^{1,4}
W. D. MacCallan ^{1,3}	Susan C. Schwab ^{1,3}
W. Perry Neff ^{1,2}	Robert J.M. Wilson ^{3,4}

1. Member of Executive Committee
2. Member of Audit Committee
3. Member of Compensation Committee
4. Member of Retirement Benefits Committee

Officers

Douglas G. Ober	<i>Chairman and Chief Executive Officer</i>
Richard F. Koloski	<i>President</i>
Joseph M. Truta	<i>Executive Vice President</i>
Nancy J. F. Prue	<i>Vice President—Research</i>
Lawrence L. Hooper, Jr.	<i>Vice President, Secretary and General Counsel</i>
Maureen A. Jones	<i>Vice President and Treasurer</i>
Christine M. Sloan	<i>Assistant Treasurer</i>
Geraldine H. Stegner	<i>Assistant Secretary</i>

Stock Data

Price (9/30/00)	\$42.0625
Net Asset Value (9/30/00)	\$50.65
Discount:	17.0%

New York Stock Exchange and Pacific Exchange
ticker symbol: PEO

NASDAQ Mutual Fund Quotation Symbol: XPEOX

Newspaper stock listings are generally under the
abbreviation: PetRs

Distributions in 2000

From Investment Income	\$0.47
From Net Realized Gains	<u>0.13</u>
Total	<u>\$0.60</u>

2000 Dividend Payment Dates

March 1, 2000
June 1, 2000
September 1, 2000
December 27, 2000*

*Anticipated

Petroleum
& Resources
Corporation

THIRD QUARTER REPORT

September 30, 2000

investing in resources
for the future®