CONDENSED INCOME STATEMENTS
(Cash Basis) (unaudited)

	For the Three Months Ended	
	January 31, 2001	January 31, 2000
German royalties received	$ 6,441,960	$ 3,499,675
Interest income	30,310	15,072
Trust expenses	149,409	148,741
Net income on a cash basis	$ 6,322,861	$ 3,366,006
Net income per unit on a cash basis	$ .71	$ .39
Cash distributions declared per unit	$ .71	$ .39
Units outstanding	8,886,804	8,696,676

NORTH EUROPEAN OIL ROYALTY TRUST

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North European Oil Royalty Trust

REPORT TO OWNERS
for the three months ended January 31, 2001

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

Net Trust income for the first quarter of fiscal 2001 was $6,322,861. This level of income permitted a distribution of 71 cents per unit which is being paid on February 28, 2001 to owners of record as of February 16, 2001. Gross royalty income of $6,441,960 for the quarter ended January 31, 2001 was 84% higher than royalty income for the same period last year. This royalty income was based on sales of gas, oil and sulfur from the Trust's overriding royalty areas in Germany during the fourth calendar quarter of 2000.

The primary factor pushing Trust royalties higher has been the substantial increase in gas prices since the prior year. The previous reduction in oil sales by OPEC succeeded in lowering world inventory levels and the continuing high level of economic activity combined to push oil prices higher. Despite subsequent increases in oil sales by OPEC, world oil prices continue to remain significantly higher than the prior year's period and supplies remain tight. With oil prices indirectly linked to gas prices through the price of light heating oil as specified in the long term sales contracts under which Oldenburg gas is sold, gas prices have continued to reflect the higher oil prices. OPEC's most recent steps to again reduce oil sales should help to maintain the current price levels.

In the first quarter of fiscal 2001, gas prices under the higher and lower royalty rate agreements increased by 89.1% to 1.5603 Ecents per Kwh and by 100.2% to 1.5956 Ecents per Kwh, respectively. The average dollar value of the Euro improved during this most recent quarter compared to the immediately preceding quarter but still declined by 10.2% to 0.9020 from the prior year's equivalent quarter. When we use the average value of the Euro and convert prices into more familiar terms, gas prices under the higher and lower royalty rate agreements were $4.05 per Mcf and $4.09 per Mcf, respectively.

Overall gas sales for the first quarter of fiscal 2001 declined by 5.5% from the prior year's period to 66.45 billion cubic feet ("Bcf"). However, gas sales in the higher royalty rate area of western Oldenburg increased by 9.5% from the prior year to 26.7 Bcf. With a combined effective royalty rate approximately seven times higher in the western portion of the Oldenburg concession, the shift in gas sales contributed to the increase in Trust royalties.

ANNUAL MEETING REPORT

The Annual Meeting of Unit Owners was held on February 14, 2001 at the University Club in New York City. Approximately 20 unit owners attended and over 85% of all units outstanding were represented in person or by proxy. The four serving Trustees were re-elected and the appointment of Arthur Andersen LLP as Trust auditor for the 2001 fiscal year was ratified. In the discussion period the topics of discussion ranged from expectations as to the continuation of high gas prices to the life expectancy of the Trust's gas reserves.

The unit owners are familiar with the recent changes witnessed in the United States with regard to the prices at which natural gas is being sold. While we have seen a similar, although smaller, change in gas prices within Germany, the situations behind the changes in these two areas are fundamentally different. Just a few years ago the United States had an overabundance of gas. This excess supply contributed to the significantly lower gas prices experienced during prior years. These lower gas prices impacted both supply and demand. The lower prices affected supply through a reduction in the drilling. At the same time we witnessed an increase in gas usage with the construction of new gas-fired electric generation plants. The assumption that there would be sufficient supplies available within the U.S. to satisfy the additional demands was mistaken. The combination of cold weather, higher oil prices, OPEC's production limits, strong U.S. economy, reduced gas drilling and additional demand for gas for electric generation produced the circumstances currently being experienced in the U.S. Europe, in general, and Germany, specifically, have a much different situation. Since Germany imports the majority of its gas, it is very conscious of the need to match supply with demand. Because of the environmental advantages of natural gas, we have seen its increasing use in the generation of electrical power within Germany. However, the supply to operate these plants is assured through long term contracts and sufficient pipeline capacity. The increase in gas prices in Germany is the result, not of an imbalance between supply and demand, but of specific provisions within these long term contracts governing the calculation of gas prices. The high gas prices in Germany are a reflection of OPEC's reduction in oil sales and the resulting impact on oil prices. A continuation of these high gas prices and corresponding high royalty distributions is therefore dependent to a large extent on OPEC's ability to match supply to demand and maintain the current high oil prices. The flip side of this coin is that the level of German economic activity must be sustained at a sufficient level to match energy demands to the available supply.

The estimated life expectancy of the Trust's gas reserves is exceedingly difficult to forecast. The German operating companies cannot be required to provide detailed geological information that would permit a thorough analysis of all types of reserves present within the Oldenburg concession. For the calculation of reserves the Trust is forced to rely solely on historical production information for wells currently in production, so-called proved producing reserves. This method of reserve calculation provides a very conservative estimate of Trust reserves since it doesn't account for any other type of reserves. Since the formation of the Trust, estimated reserves net to the Trust have fluctuated between 40 and 60 Bcf despite cumulative net gas sales in excess of 100 Bcf in the intervening years. The operating companies have been able to maintain reserves at these levels despite the level of cumulative sales because they are engaged in an active exploration and drilling program and are succeeding in converting probable gas reserves into proved producing gas reserves. Based solely on the depletion percentage and with respect to currently estimated proved producing reserves, the life expectancy of the Trust's reserves would be approximately 12 years. However, given the operating companies success in their use of horizontal drilling and demonstrated ability in replacing reserves, royalty income payable to the Trust will continue for some time beyond that point.

Respectfully submitted,

John R. Van Kirk
Managing Director

February 14, 2001