North European Oil Royalty Trust

REPORT TO OWNERS
for the three months ended January 31, 2007

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CONDENSED INCOME STATEMENTS
(Unaudited)

	For the Three Months Ended January 31, 2007	For the Three Months Ended January 31, 2006
German royalties received	$ 8,483,387	$ 8,184,669
Interest income	53,693	22,033
Trust expenses	276,894	262,093
Net income	$ 8,260,186	$ 7,944,609
Net income per unit	$ .90	$ .86
Dividends and distributions per unit paid to formerly unlocated unit owners	$ .00	$ .02
Cash distributions declared per unit	$ .89	$ .85
Units outstanding	9,190,590	9,184,026

This report may contain forward looking statements concerning business, financial performance and financial condition of the Trust. Many of these statements are based on information provided to the Trust by the operating companies or by consultants using public information sources. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in any forward looking statements. These include uncertainties concerning levels of gas production and gas sale prices, general economic conditions and currency exchange rates. Actual results and events may vary significantly from those discussed in the forward looking statements.

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

Net Trust income for the first quarter of fiscal 2007 was $8,260,186 as compared to $7,944,609 for the first quarter of fiscal 2006, an increase of $315,577 or 3.97%. This level of income permitted a distribution of 89 cents per unit which is being paid on February 28, 2007 to owners of record as of February 13, 2007. Gross royalty income of $8,483,387 for the quarter ended January 31, 2007 increased 3.65% when compared to gross royalty income of $8,184,669 received during last year's equivalent period. This royalty income was based on sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the fourth calendar quarter of 2006.

While gas sales declined in the period from October through December 2006 due to the unseasonably warm weather in Germany, this decline was offset by the increases in gas prices. As a result, royalty income in Euros was virtually flat. However, the higher average exchange rate increased royalty income when converted to dollars and permitted the higher distribution for the first quarter of fiscal 2007.

For the quarter just ended the average price of gas sold under the higher royalty rate agreement (the "Mobil Agreement") increased 10.84% to 2.2673 Eurocents/Kwh ("Ecents/Kwh") from 2.0456 Ecents/Kwh in the first quarter of 2006. For the quarter just ended the amount of gas sold under the Mobil Agreement declined 10.38% to 17.512 billion cubic feet ("Bcf") from 19.540 Bcf in the first quarter of fiscal 2006. The combination of these two factors resulted in a decline of 0.71% in the amount of royalties in Euros received under the Mobil Agreement during the first quarter of fiscal 2007. For the quarter just ended and based on the conversion and transfer of royalties received under the Mobil Agreement, the average value of the Euro increased 9.38% to a dollar equivalent of $1.3058. When the higher value of the Euro is used to denominate the gross royalties received under the Mobil Agreement in dollars, the resulting amount of royalties increased 8.60% to $5,961,497 compared to the first quarter of fiscal 2006.

For the quarter just ended the amount of gas sold under the lower royalty rate agreement (the "OEG Agreement") declined 12.32% to 41.976 Bcf from 47.876 Bcf in the first quarter of fiscal 2006. Average gas prices under the OEG Agreement increased 13.08% to 2.4017 Ecents/Kwh from 2.1240 Ecents/Kwh in the first quarter of 2006. The combination of these two factors resulted in a decline of 1.47% in the amount of royalties in Euros received under the OEG Agreement during the first quarter of fiscal 2007. For the quarter just ended and based on the conversion and transfer of royalties received under the OEG Agreement, the average value of the Euro increased 7.65% to a dollar equivalent of $1.3044. When the higher value of the Euro is used to denominate the gross royalties received under the OEG Agreement in dollars, the resulting amount of royalties increased 6.07% to $2,264,786 compared to the first quarter of fiscal 2006.

ANNUAL MEETING REPORT

The Annual Meeting of Unit Owners was held on February 12, 2007 at the University Club in New York City. With over 87% of all units outstanding represented in person or by proxy, the five serving Trustees were re-elected. Approximately 35 unit owners attended. An announcement was made of the reported first quarter's earnings for the Trust. I provided some general overview of the past year and the reports provided by the operating companies of their plans for the coming year. A lively question and discussion period followed, with some of the more important topics summarized below.

One unit owner asked for comment on the impact of the recently reported actions by Gazprom, the Russian energy giant. Our understanding of the matter is based primarily on media reports and supplementary information from our consultant in Germany. While gas from Russia accounts for a substantial portion of the energy mix in Germany and Europe, the recent actions of Gazprom do not seem to have had any immediate impact on the Trust royalties. It is our hope that European efforts to increase the diversification of supply sources will encourage further development of domestic German reserves, but there is no assurance that this will actually take place.

A question was raised concerning the reasons for the appointment of new auditors for the Trust. Our Audit Committee Chairman explained that there were preliminary indications that the Trust's former auditor intended to raise its fees substantially in the coming year. In addition, the changing environment in the accounting field raised some concerns that a Big 4 firm would not be prepared to continue its work for a relatively small client. The Trustees undertook an extensive search and interview process, leading to the designation of Weiser LLP. The transition to the new auditor has proceeded very smoothly with the full cooperation of the former auditor. The Audit Committee believes that the Trust continues to receive services which are extremely professional, comprehensive, and substantially less expensive.

The reports received concerning operating companies' recent drilling activities were discussed in response to questions. I explained that we were advised that drilling is largely focused on the development of the Carboniferous zone, below the Zechstein (sour gas) bearing zone in Oldenburg. The operating companies have announced the completion in 2006 of the first well in this zone utilizing a horizontal deviation. While it does not appear to have been the unqualified success the operating companies were seeking, they have stated their intention to drill at least three further wells to explore this zone. We hope that experience gained by the operating companies in conducting horizontal drilling at such extreme depths and in utilizing the hydraulic fracturing techniques will lead to further improvements and yield better results. Besides those wells exploring the Carboniferous zone, the operating companies have reported that they continue with their development of reserves in both the Bunter (shallow sweet gas zone) and the Zechstein zones.

Respectfully submitted,

John R. Van Kirk
Managing Director

February 23, 2007