Annual Report 2005

North European Oil Royalty Trust

ATTENTION:

PLEASE RETAIN
CRITICAL TAX INFORMATION ENCLOSED

The Annual Meeting of Unit Owners will be held on Thursday, February 9, 2006, at 1:30 P.M., in Rooms 3 and 4, Ninth Floor, at the University Club, 1 West 54th Street, New York City (northwest corner of 5th Avenue; entrance on 54th Street). All unit owners are cordially invited to attend.

If you plan to attend the meeting, please note that The University Club has a dress code. Gentlemen are required to wear a jacket and ladies are required to wear business attire. The University Club does not make exceptions.

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IMPORTANT TAX INFORMATION

For your convenience the information necessary to prepare your 2005 tax return is included in the removable “Note to Unit Owners” on Pages 25 and 26. Please note there will be no separate mailing of the tax letter.

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

FOURTH QUARTER 2005

Net income for the Trust for the fourth quarter of fiscal 2005 was $4,030,630, an increase of 36.0% from the fourth quarter of fiscal 2004. At this level of royalties the Trust was able to pay a distribution of 42 cents per unit, nine cents higher than the distribution for the fourth quarter of fiscal 2004. The combination of higher gas prices under both royalty agreements and higher gas sales from western Oldenburg offset the impact of an overall drop in gas sales and a lower average exchange rate and resulted in the increase in net income. Under the higher royalty rate agreement with Mobil Erdgas-Erdol GmbH (“Mobil Erdgas”) the German subsidiary of ExxonMobil Corp. covering western Oldenburg, gas sales increased 13.7% from 12.95 billion cubic feet (“Bcf”) to 14.72 Bcf. Under this same agreement average gas prices increased by 23.3%, from 1.2491 Euro cents per kilowatt hour (“Ecents/Kwh”) to 1.5397 Ecents/Kwh. Under the agreement with Oldenburgische Erdolgesellschaft ("OEG") covering the entire Oldenburg concession, overall gas sales for the quarter decreased by 12.0% from 35.91 Bcf to 31.59 Bcf. Under the same agreement the average gas price increased 31.0%, from 1.2118 Ecents/Kwh to 1.5874 Ecents/Kwh. Based upon transfers during the quarter, the Euro had an average dollar equivalent value of $1.2122, 2.6% lower than last year’s dollar equivalent value of $1.2449.

FISCAL 2005 REPORT

In many ways fiscal 2005 was a bright year but also a year of recovery. Certainly the increase in royalties paid to the Trust and the resulting larger distributions per unit were appreciated by unit owners. The installation of the new compressors was completed and, once they began operating at full capacity, they contributed significantly to the increase in western gas production and sales. The new wells from the expanded drilling program began coming into production adding their output to the total gas production and sales. The continuing high level of world oil prices supported a significant increase in gas prices from the prior year. However, the continuing fall-off in gas sales and production from eastern Oldenburg has not yet yielded to the efforts by ExxonMobil Production Deutschland GmbH (“EMPG”), the joint company established to carry out all exploration, drilling and production activities in the royalty areas. This is the fourth year in a row where overall gas sales posted a decline over the prior year. In addition, for the Trust’s fiscal year ended October 31, 2005, gas sales from eastern Oldenburg posted declines in three out of the four quarters. While the royalties from gas sales from eastern Oldenburg accounts for less than 16% of the overall royalties paid to the Trust, gas sales from eastern Oldenburg accounted for over 57% of the overall gas sales from the entire concession for fiscal 2005. It would appear that, at least partly in an effort to address this decline, EMPG accelerated the drilling start of one eastern well from 2006 to late in 2005 and has scheduled two additional new wells for 2006 in eastern Oldenburg. While these new wells will not have an immediate impact, they will certainly help contribute to gas sales in the future.

Annual gas sales from the higher royalty rate area of western Oldenburg for fiscal 2005 increased 7.0% from 63.55 Bcf in fiscal 2004 to 68.02 Bcf. Annual gas sales for western Oldenburg in the two prior years were 75.5 Bcf in fiscal 2003 and 87.5 Bcf in fiscal 2002. Total annual sales for gas sold under the lower royalty rate agreement from both the eastern and western portions of the Oldenburg concession declined 3.4% from 166.41 Bcf in fiscal 2004 to 160.76 Bcf. in fiscal 2005. Annual gas sales for the entire concession for the two prior years were 189.46 Bcf in fiscal 2003 and 192.35 Bcf in fiscal 2002. The average yearly price for gas sold under the higher royalty rate agreement increased 21.1% from 1.2038 Ecents/Kwh in fiscal 2004 to 1.4577 Ecents/Kwh in fiscal

2005. The average yearly price for gas sold under the lower royalty rate agreement throughout the Oldenburg concession increased 25.2% from 1.2201 Ecents/Kwh in fiscal 2004 to 1.5272 Ecents/Kwh in fiscal 2005.

After reaching its highest point in value in relation to the U.S. dollar midway through the first quarter of fiscal 2005, the Euro slid steadily downwards during the year. Based upon royalty transfers during fiscal 2005, the Euro had an average dollar equivalent value of $1.2673, 3.6% higher than last year's dollar equivalent value of $1.2234.

EMPG submitted to the Trust its report of exploration and drilling activities for 2005 and its plans for 2006. Of the five wells where drilling was begun in 2005, two wells, Goldenstedt Z-12a and Hemmelte Z-5a, were completed and began production in mid to late September 2005. The three remaining wells all located in eastern Oldenburg are in various stages. Doetlingen Ost Z-2 was scheduled to complete drilling in mid November with production beginning in mid 2006. Oythe Z-3 began drilling in September 2005 but technical difficulties have delayed the efforts and drilling is not expected to be completed until March 2006. Doetlingen Z-8a, a horizontal deviation off an existing well, was pushed forward from 2006 and began drilling in December 2005 with an expected completion date of March 2006. For 2006, the two new wells, Goldenstedt Z-7a and Varnhorn Z-7a, are both located in eastern Oldenburg and are both horizontal deviations off existing wells. Only the names and general areas for these two well are known at this point. Further details will be made available when EMPG issues its updated report in the spring of 2006.

Based on the limited information available, Ralph E. Davis Associates, Inc., the Trust's petroleum consultants, have prepared and submitted their report on the Trust's estimated remaining net proved producing reserves as of October 1, 2005. (The complete text of the report is available in the Trust's 2005 10-K as Exhibit 99.1.) The report indicates that net Trust gas reserves increased by 3.93% from 36,631 million cubic feet ("MMcf") to 38,074 MMcf on net sales for 2005 of 3,640 MMcf and a positive reserve adjustment of 5,083 MMcf. Since the reserves in the Davis report are limited to proved producing reserves, the steps by the operating companies outlined above with regard to future drilling are not reflected in any way in the current level of reserves shown in the report.

Finally, please note that the information necessary to prepare your tax return, including the 2005 cost depletion percentage of 8.6660%, is contained in the removable "Note to Unit Owners" on Pages 25 and 26 of this report.

December 30, 2005

Respectfully submitted,

John R. Van Kirk
Managing Director

NORTH EUROPEAN OIL ROYALTY TRUST

North European Oil Royalty Trust
Selected Financial Data (Cash Basis)

For Years Ended October 31	**2005**	**2004**	**2003**	**2002**	**2001**
German royalties received	$21,085,039	$15,061,209	$18,169,035	$17,435,504	$22,453,630
Interest income	59,353	21,970	31,477	60,961	137,305
Trust expenses	(921,578)	(775,521)	(802,153)	(610,689)	(684,111)
Net income on a cash basis	$20,222,814	$14,307,658	$17,398,359	$16,885,776	$21,906,824
Net income per unit on a cash basis	$2.20	$1.60	$1.95	$1.89	$2.47
Dividends and distributions per unit paid to formerly unlocated unit owners	.02	.01	.00	.00	.00
Distribution per unit paid or to be paid to unit owners (Note 5)	$2.22	$1.59	$1.95	$1.89	$2.46
	$2.24	$1.60	$1.95	$1.89	$2.46
Units outstanding end of period	9,180,876	8,933,310	8,931,414	8,931,414	8,886,804
Registered unit owners	1,254	1,295	1,350	1,393	1,441

NORTH EUROPEAN OIL ROYALTY TRUST

Description of Trust Assets

The properties of the Trust, which the Trust and Trustees hold pursuant to the Trust Agreement on behalf of the unit owners, are overriding royalty rights on sales of gas, sulfur and oil under certain concessions or leases in the Federal Republic of Germany. The actual leases or concessions are held either by Mobil Erdgas-Erdol GmbH (“Mobil Erdgas”), a German operating subsidiary of the ExxonMobil Corp., or by Oldenburgische Erdolgesellschaft (“OEG”). As a result of direct and indirect ownership, ExxonMobil Corp. owns two-thirds of OEG and the Royal Dutch/Shell Group of Companies owns one-third of OEG. The Oldenburg concession (1,398,000 acres), covering virtually the entire former State of Oldenburg and located in the federal state of Lower Saxony, is the major source of royalty income for the Trust. In 2002 Mobil Erdgas and BEB Erdgas und Erdol GmbH (“BEB”), a joint venture of ExxonMobil Corp. and the Royal Dutch/Shell Group, formed a company ExxonMobil Production Deutschland GmbH ("EMPG") to carry out all exploration, drilling and production activities. All sales activities are still handled by either Mobil Erdgas or BEB.

Under one series of rights covering the western part of the Oldenburg concession (approximately 662,000 acres), the Trust receives a royalty payment of 4% on gross receipts from sales by Mobil Erdgas of gas well gas, oil well gas, crude oil and condensate. Under the royalty agreement with Mobil Erdgas there is no deduction of costs prior to the calculation of royalties from gas well gas and oil well gas, which together account for approximately 99% of all the royalties under said agreement. The Trust is also entitled to receive from Mobil Erdgas a 2% royalty on gross receipts of sales of sulfur obtained as a by-product of sour gas produced from the western part of Oldenburg. The payment of the sulfur royalty is conditioned upon sales by Mobil Erdgas of sulfur at a selling price above an agreed upon base price. This base price is adjusted annually by an inflation index. When the average selling price falls below the adjusted base price, no royalties are payable. No payments were received from the sale of sulfur under this agreement during fiscal 2005.

Under another series of rights covering the entire Oldenburg concession and pursuant to an agreement with OEG (the “OEG Agreement”), the Trust receives royalties at the rate of 0.6667% on gross receipts from sales of gas well gas, oil well gas, crude oil, condensate and sulfur (removed during the processing of sour gas) less a certain allowed deduction of costs. Under the agreement previously reached with OEG, 50% of the field handling, treatment and transportation costs as reported for state royalty purposes are deducted from the gross sales receipts prior to the calculation of the royalty to be paid to the Trust. Based on the limited audit access available to the Trust and the financial information provided by the operating companies, the Trust's management has not seen a material change in the amount of the Trust's royalty receipts as a result of the application of this computation system.

The Trust also holds through Mobil Erdgas a 2% royalty interest in oil and gas sales from acreage in Bavaria, and a 0.2117% royalty under the net interest of the Bayerische Mineral Industries A.G. (“BMI”), a subsidiary of Mobil Erdgas, in concessions in Bavaria. The net interest of BMI ranges from 16-1/2 to 100% of the sales, depending on the geographic region or area. Due to the absence of royalty income under this agreement, reserves from this area in Bavaria are not included in reserve calculations for this report year. While both Mobil Erdgas and BMI have suspended production in their concessions in Bavaria, the concessions remain open.

Description of Trust Assets *(continued)*

In addition to the areas of Oldenburg and Bavaria, the Trust also holds overriding royalties on a number of leases in other areas of northwest Germany ranging in size from 185 to 25,000 acres and totaling 73,214 acres. The rates of overriding royalties vary from 1.83% to 6.75%. At the present time all but one of these leases are in the non-producing category. Due to the low level of income and the intermittent gas production from the single producing lease, reserves from this lease are not included in reserve calculations for this report year. During the 2004 fiscal year, the Trust received notification that the operating companies intended to surrender their rights to three minor non-productive leases. Early in fiscal 2006 an additional two leases were added to the list of non-productive leases that the operating companies intended to surrender. The Trust continues to review its options with regard to all these leases. However, due to the size of the areas covered by the leases and the lack of any current production or probable hydrocarbon potential, the surrendering of these rights is not expected to have a significant impact on the Trust or its royalty receipts.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Summary

The Trust is a passive fixed investment trust which holds overriding royalty rights, receives income under those rights from certain operating companies, pays its expenses and distributes the remaining net funds to its unit owners. The Trust is not involved in any business or extractive operations of any kind in the areas over which it holds royalty rights and is precluded from any such involvement by the Trust Agreement. There are no requirements, therefore, for capital resources with which to make capital expenditures or investments in order to continue the receipt of royalty revenues by the Trust.

The operating companies, subsidiaries of ExxonMobil Corp. and the Royal Dutch/Shell Group, pay monthly royalties to the Trust based on their sales of natural gas, sulfur and oil. The Oldenburg concession is the primary area from which these products are extracted and provides nearly 100% of all the royalties received by the Trust. Of these three products, natural gas provides approximately 98% of the total royalties. The gas is sold to various distributors under long term contracts which delineate, among other provisions, the timing, manner, volume and price of the gas sold. The pricing mechanisms contained in these contracts include a delay factor of three to six months and use the price of light heating oil in Germany as one of the primary pricing components. Since Germany must import a large percentage of its energy requirements, the U.S. dollar price of oil on the international market has a significant, although delayed, impact on the price of gas. A strong Euro would tend to reduce the cost of oil being imported into Germany and likely result in a lower price for light heating oil and a reduction in the amount of royalties paid to the Trust in Germany. However, a strong Euro would also result in an increase in the amount of royalties received when the royalties, originally received in Euros, are converted into dollars and transferred to the Trust's bank account in the U.S. A weak Euro would have the opposite effect. However, it is important to note that the price of imported oil and the Euro/dollar relationship are only two of the numerous factors that can affect the price of light heating oil.

The Trust does not conduct any active business operations and has only limited need of funds for its own administrative services. These funds are used to pay Trustees' fees (computed under the Trust Agreement and based upon a percentage of royalties and interest income received), the remuneration fixed by the Trustees for the Managing Trustee, the Managing Director and the Audit Committee

Executive Summary *(continued)*

Chairman, expenses associated with the Trustees' meetings, professional fees paid to consultants, legal advisors and auditors, transfer agent fees, and secretarial and other general office expenses.

Another requirement for funds by the Trust relates to the occasional necessity of making lump sum payments of arrearages of dividends of a corporate predecessor and distributions previously declared by the Trust. The payment of such arrearages would require a reduction in the amount of distributions which otherwise would be made on presently outstanding units. For further information on this contingent liability and the impact of the Delaware Court order see Note 3 to Financial Statements contained in Item 8 of this Report.

The Trust has no means of ensuring continued income from overriding royalty rights at their present level or otherwise. Economic and political factors which are not foreseeable may have an impact on Trust income. The effect of changing economic conditions on the demand for energy throughout the world and future prices of oil and gas cannot be accurately projected. The Trust's current consultant in Germany provides general information to the Trust on the German and European economies and energy markets. This information provides a context in which to evaluate the actions of the operating companies. In his position as consultant he receives reports from the operating companies with respect to current and planned drilling and exploration efforts. However, the unified exploration and production venture, EMPG, which provides the reports to the Trust's consultant, continues to limit the information flow to that which is required by German law.

The relatively small amounts required for administrative expenses of the Trust limit the possible effect of inflation on its financial prospects. Continued price inflation would be reflected in sales prices, which with sales volumes form the basis on which the royalties paid to the Trust are computed. In addition, fluctuations in the Euro/dollar exchange rate have an impact on domestic energy prices within Germany and on the amount of dollars received by the Trust upon conversion. The impact of inflation or deflation on energy prices in Germany is delayed by the use in certain long-term gas sales contracts of a deferred "trailing average" related to light fuel oil prices.

Results: Fiscal 2005 versus Fiscal 2004

For fiscal 2005 the Trust's gross royalty income increased 40% from $15,061,209 to $21,085,069. Increases in gas prices under both the higher and lower royalty rate agreements, higher gas sales from the higher royalty rate area of western Oldenburg and a higher average value for the Euro resulted in the higher royalty income and, as a result, higher distributions. The only negative factor impacting royalty income was lower gas sales from eastern Oldenburg.

Under the higher royalty rate agreement with Mobil Erdgas covering western Oldenburg, gas sales increased 7% from 63.55 Billion cubic feet ("Bcf") in fiscal 2004 to 68.02 Bcf in fiscal 2005. Gas sales strengthened each quarter throughout fiscal 2005 until the final quarter when maintenance work at the desulfurization plant slowed production. A comparison to the prior year gas sales for the first through fourth quarters of fiscal 2005 showed changes of -4.6%, -1.3%, +20.9% and +13.7%, respectively. The Trust's management believes that this turnaround is at least partially the result of the new compressors that came on line in late 2004 and the new western wells completed in 2004. Average gas prices for gas sold from this royalty area increased 21.1% from 1.2038 Euro cents per kilowatt hour ("Ecents/Kwh") in fiscal 2004 to 1.4577 Ecents/Kwh in fiscal 2005. For fiscal 2005 the average gas price for each quarter posted an increase over the prior year's corresponding quarter.

Results: Fiscal 2005 versus Fiscal 2004 *(continued)*

Under the lower royalty rate agreement with BEB covering the entire Oldenburg concession, gas sales declined 3.4% from 166.41 Bcf in fiscal 2004 to 160.76 Bcf in fiscal 2005. A comparison to the prior year gas sales for the first through fourth quarters of fiscal 2005 showed changes of -5.1%, -5.1%, +8.7% and -12.0%, respectively. Average gas prices for gas sold from this royalty area increased 25.2% from 1.2201 Ecents/Kwh in fiscal 2004 to 1.5272 Ecents/Kwh in fiscal 2005. For fiscal 2005 the average gas price for each quarter posted an increase over the prior year's corresponding quarter.

From its high point in November 2004, the Euro steadily declined throughout fiscal 2005 in relation to the dollar. Using the cumulative transfer of royalties from Germany to the U.S. to generate an average value for the Euro, there was a 3.6% increase in the average value from $1.2234 for fiscal 2004 to $1.2673 for fiscal 2005.

Interest income for fiscal 2005 was higher due to the combination of rising interest rates and increased funds available for investment. Trust expenses increased 18.8% from $775,521 in fiscal 2004 to $921,578 in fiscal 2005. A number of expense items not part of the normal yearly Trust expenses were incurred this year. The expenses associated with the biennial examination of the operating companies in Germany to confirm the accuracy of the royalty payments added $25,874 to the expense total. Payment of a portion of the fees of the Trust's German consultant was made early in fiscal 2005, which added $50,664 to the expense total. The resolution of the Trust's contingent liability resulted in additional legal expenses compared to fiscal 2004.

The operating companies provide reports to the Trust's German consultant detailing their plans for exploration and drilling for the upcoming calendar year and the results of that program for the current calendar year. The Trust's consultant has extracted the following information from those reports. The operating companies' expanded drilling program continued throughout 2005. Goldenstedt Z-12a was successfully completed in March 2005 with a horizontal deviation of 3,117 feet. After construction of production facilities was completed, production began in October 2005. Hemmelte Z-5a, this year's one western well, was completed in mid June 2005 but due to geological constraints did not fully penetrate the total reservoir section as originally planned. This would appear to have had an impact of the well's productivity. However, following the completion of the production facilities, production began in October 2005. Doetlingen Ost Z-2, an exploratory well, began drilling in June 2005. Intended to penetrate to a total depth of 16,000 feet with a horizontal deviation of 1,310 feet, the drilling encountered massive technical problems which delayed completion of the well until mid November 2005. While no production tests were carried out, numerous gas "shows" occurred during the drilling and well logging confirmed a gas discovery. Once production facilities are completed, production is expected to begin in the middle of 2006. Oythe Z-3 was a new vertical well planned to replace Oythe Z-2, which suffered a casing collapse. Drilling began in September 2005 but significant technical difficulties forced the operators to plug the initial drilling with cement and re-drill. Now designated Oythe Z-3a, the well is scheduled for completion in March 2006. A new well, Doetlingen Z-8a, originally scheduled for 2006 has been pushed forward to December 2005 with an expected completion of March 2006. This well is planned as a horizontal deviation of approximately 980 feet. For 2006, two new wells, Goldenstedt Z-7a and Varnhorn Z-7a, are planned. Both are horizontal deviations from existing wells located in eastern Oldenburg.

Results: Fiscal 2004 versus Fiscal 2003

For fiscal 2004 the Trust's gross royalty income decreased 17.1% from $18,169,035 to $15,061,209. The decline in gas sales and the drop in gas prices combined to push royalty income lower. The increase in the average value of the Euro contributed to the drop in gas prices but helped offset the decline in royalties by increasing the amount of dollars received when the royalties were transferred to the U.S.

Under the higher royalty rate agreement with Mobil Erdgas covering western Oldenburg, gas sales declined 15.9% from 75.54 Bcf in fiscal 2003 to 63.55 Bcf in fiscal 2004. In comparison to the prior year's equivalent quarter, each quarter showed a decline. With the exception of the first quarter of fiscal 2004, gas sales for each quarter showed a drop from those of the immediately preceding quarter. The drop in reservoir pressure that continued throughout the year was not addressed until the month of October when the new compressors came on line and was not fully addressed until the completion of some remaining minor construction work. Average gas prices for gas sold from this royalty area declined 15.1% from 1.4175 Ecents/Kwh in fiscal 2003 to 1.2038 Ecents/Kwh in fiscal 2004.

Under the lower royalty rate agreement with BEB covering the entire Oldenburg concession, gas sales declined 12.2% from 189.46 Bcf in fiscal 2003 to 166.41 Bcf in fiscal 2004. The overall gas sales showed the same pattern as gas sales from western Oldenburg in comparison to the prior year and the immediately preceding quarter. Average gas prices for gas sold from this royalty area declined 6.4% from 1.3033 Ecents/Kwh in fiscal 2003 to 1.2201 Ecents/Kwh in fiscal 2004.

The Euro continued its strong performance against the dollar throughout fiscal 2004 and in late November reached its highest point yet at a dollar equivalent value of $1.3294. Using the cumulative transfer of royalties from Germany to the U.S. to generate an average value for the Euro, there was an 11.5% increase in the average value from $1.0971 for fiscal 2003 to $1.2234 for fiscal 2004.

Interest income for fiscal 2004 was lower due to the low interest rates that remained in effect and the reduced funds available for investment. Trust expenses decreased 3.3% from $802,153 in fiscal 2003 to $775,521 in fiscal 2004. The absence of expenses associated with the biennial examination of the operating companies in Germany to confirm the accuracy of the royalty payments resulted in the lower level of expenses.

The operating companies provide reports to the Trust's German consultant detailing their plans for exploration and drilling for the upcoming calendar year and the results of that program for the current calendar year. The Trust's consultant has extracted the following information from those reports. The operating companies were involved in a construction and drilling program throughout 2004 in an effort to increase gas production and sales. The two new compressor units completed a four week testing period at the end of September, 2004 and since then have been in full operation. Initially some remaining construction work limited production levels to a rate of 54 million cubic feet per day ("ft/d"). When all construction was completed, this production figure rose to the expected levels of 71 million ft/d.

The operating companies pursued an expanded drilling program during 2004. Kneheim Z-5, a production well located in western Oldenburg, began production in mid September. Hemmelte Z-8a,

Results: Fiscal 2004 versus Fiscal 2003 *(continued)*

a horizontal deviation off an existing western production well, began production in mid October. The deviation presented particular difficulties that were successfully addressed. Goldenstedt Z-18a, a horizontal deviation off an existing production well in eastern Oldenburg, had been completed with production beginning in March 2005. Using a high tech geo-steering procedure the operators were able to extend the horizontal deviation approximately 2,140 feet in length. Sage Z-4, an exploratory well located in eastern Oldenburg, has been completed. Preliminary indications are that this well may have tapped a separate geological block but final confirmation will not be possible until the second half of 2006. Construction of a new gas treatment plant and a field pipeline was necessary but production finally began in May 2005.

The operating companies indicated that they will continue their expanded drilling program into 2005 with four additional wells planned. Two horizontal deviations off existing wells were planned. The eastern well, Goldenstedt Z-12a, began drilling in mid December 2004 and was successfully completed in March 2005. The western well, Hemmelte Z-5a, began drilling in April 2005 and was successfully completed in June 2005. A new production well in eastern Oldenburg, Oythe Z-3, to replace an existing well that suffered a casing collapse, was scheduled for a drilling start in September 2005. Technical difficulties have delayed its completion until March 2006. A new exploratory well in eastern Oldenburg, Doetlingen Ost Z-2, was scheduled for a drilling start in June 2005 and was successfully completed in mid November 2005. This well was targeted to test a new geological reservoir.

Critical Accounting Policies

The financial statements, appearing subsequently in this Report, present financial statement balances and financial results on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States ("GAAP basis"). Cash basis accounting is an accepted accounting method for royalty trusts such as the Trust. Cash basis financial statements disclose revenue when cash is received and expenses when cash is paid. GAAP basis financial statements disclose income as earned and expenses as incurred, without regard to receipts or payments. The sole exception to the use of the cash basis of accounting is the accrual for distributions to be paid to unit owners (those distributions approved by the Trustees for the Trust). The Trust's distributable income represents royalty income received by the Trust during the period plus interest income less any expenses incurred by the Trust, all on a cash basis. In the opinion of the Trustees, the use of the cash basis provides a more meaningful presentation to unit owners of the results of operations of the Trust and presents to the unit owners a more accurate calculation of income and expenses for tax reporting purposes.

This report contains forward looking statements concerning the business, the financial performance and the 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.

Distributions and Trading

The Trust's units of beneficial interest are traded on the New York Stock Exchange (the "NYSE") under the symbol NRT. Under the Trust Agreement the Trustees distribute to unit owners, on a quarterly basis, the net royalty income after deducting expenses and reserving limited funds for anticipated administrative expenses. The following table presents the high and low closing prices for the quarterly periods ended in fiscal 2005 and 2004 as reported by the NYSE as well as the cash distributions paid to unit owners by quarter for the past two fiscal years.

Fiscal Year 2005

Quarter Ended	Low Closing Price	High Closing Price	Distribution Per Unit
January 31, 2005	$21.80	$23.90	$0.54
April 30, 2005	$23.55	$27.05	$0.69
July 31, 2005	$26.25	$31.10	$0.57
October 31, 2005	$27.20	$34.25	$0.42

Fiscal Year 2004

Quarter Ended	Low Closing Price	High Closing Price	Distribution Per Unit
January 31, 2004	$22.51	$25.99	$0.46
April 30, 2004	$23.15	$25.40	$0.43
July 31, 2004	$20.71	$25.20	$0.37
October 31, 2004	$21.51	$24.63	$0.33

The quarterly distributions to unit owners represent their undivided interest in royalty payments from sales of gas, sulfur and oil during the previous quarter. Each unit owner is entitled to recover a portion of his or her investment in these royalty rights through a cost depletion percentage. The cost depletion percentage recommended by the Trust's independent petroleum and natural gas consultants for calendar 2005 is 8.6660%. Specific details relative to the Trust's income and expenses and cost depletion percentage as they apply to the calculation of taxable income for the 2005 calendar year are included on a special removable "Note to Unit Owners" on pages 25 and 26. The tax reporting information for 2005 is also available on the Trust website, www.neort.com

The Trust maintains no reserve to cover any payments which might be required if the holders of shares of stock of the predecessor Corporation or Company, who have not yet exchanged those shares for units, should surrender them for exchange. See Note 3 to the Financial Statements.

The number of holders of record as of November 30, 2005 was 1,249. The calculation of the number of record holders does not include the owners of shares of stock in either of the Trust's corporate predecessors which have not been exchanged for units in the Trust (a total of 28 record holders).

NORTH EUROPEAN OIL ROYALTY TRUST

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Unit Owners of North European Oil Royalty Trust:

We have audited the accompanying statements of assets, liabilities and trust corpus arising from cash transactions of North European Oil Royalty Trust as of October 31, 2005 and 2004, and the related statements of revenue collected and expenses paid, undistributed earnings and changes in cash and cash equivalents for each of the three years in the period ended October 31, 2005. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and trust corpus arising from cash transactions of North European Oil Royalty Trust at October 31, 2005 and 2004, its revenue collected and expenses paid, its undistributed earnings and changes in its cash and cash equivalents for each of the three years in the period ended October 31, 2005, on the basis of accounting described in Note 1.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of North European Oil Royalty Trust's internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 7, 2005 expressed an unqualified opinion thereon.

/s/Ernst & Young LLP

New York, NY
December 7, 2005

NORTH EUROPEAN OIL ROYALTY TRUST

STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS (NOTE 1) OCTOBER 31, 2005 AND 2004

ASSETS

	2005	2004
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	$3,920,267	$3,014,386
PRODUCING GAS AND OIL ROYALTY RIGHTS (Note 1)	1	1
	$3,920,268	$3,014,387

LIABILITIES AND TRUST CORPUS

	2005	2004
CURRENT LIABILITIES:		
Cash distributions payable to unit owners, paid November 2005 and 2004	$3,855,968	$2,947,992
CONTINGENT LIABILITY (Note 3)		
TRUST CORPUS (Notes 1 and 2)	1	1
UNDISTRIBUTED EARNINGS (Note 1)	64,299	66,394
	$3,920,268	$3,014,387

The accompanying notes to financial statements are an integral part of these statements

NORTH EUROPEAN OIL ROYALTY TRUST

STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID (NOTE 1) FOR THE FISCAL YEARS ENDED OCTOBER 31, 2005, 2004 AND 2003

	2005	2004	2003
GERMAN GAS, OIL AND SULFUR ROYALTIES RECEIVED	$21,085,039	$15,061,209	$18,169,035
INTEREST INCOME	59,353	21,970	31,477
TRUST EXPENSES	(921,578)	(775,521)	(802,153)
NET INCOME ON A CASH BASIS	$20,222,814	$14,307,658	$17,398,359
NET INCOME PER UNIT ON A CASH BASIS	$2.20	$1.60	$1.95
CASH DISTRIBUTIONS PAID OR TO BE PAID			
Dividends and distributions per unit paid to formerly unlocated unit owners	.02	.01	.00
Distributions per unit paid or to be paid to unit owners (Note 5)	$2.22	$1.59	$1.95

The accompanying notes to financial statements are an integral part of these statements.

NORTH EUROPEAN OIL ROYALTY TRUST

STATEMENTS OF UNDISTRIBUTED EARNINGS (NOTE 1)
FOR THE FISCAL YEARS ENDED OCTOBER 31, 2005, 2004 AND 2003

	2005	2004	2003
BALANCE, beginning of year	$ 66,394	$ 44,630	$ 64,640
NET INCOME ON A CASH BASIS	20,222,814	14,307,658	17,398,359
	20,289,208	14,352,288	17,462,999
LESS:			
Dividends and distributions paid to formerly unlocated unit owners (Note 3)	155,062	83,605	0
Current year distributions paid or to be paid to unit owners (Note 5)	20,069,847	14,202,289	17,418,369
BALANCE, end of year	$ 64,299	$ 66,394	$ 44,630

The accompanying notes to financial statements
are an integral part of these statements

NORTH EUROPEAN OIL ROYALTY TRUST

STATEMENTS OF CHANGES IN CASH AND CASH EQUIVALENTS (NOTE 1) FOR THE FISCAL YEARS ENDED OCTOBER 31, 2005, 2004 AND 2003

	2005	2004	2003
SOURCES OF CASH AND CASH EQUIVALENTS:			
German gas, sulfur and oil royalties received	$21,085,039	$15,061,209	$18,169,035
Interest income	59,353	21,970	31,477
	21,144,392	15,083,179	18,200,512
USES OF CASH AND CASH EQUIVALENTS:			
Payment of Trust expenses	921,578	775,521	802,153
Distributions and dividends paid (Note 3)	19,316,933	15,357,038	16,793,170
	20,238,511	16,132,559	17,595,323
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	905,881	(1,049,380)	605,189
CASH AND CASH EQUIVALENTS, beginning of year	3,014,386	4,063,766	3,458,577
CASH AND CASH EQUIVALENTS, end of year	$ 3,920,267	$ 3,014,386	$ 4,063,766

The accompanying notes to financial statements are an integral part of these statements.

NORTH EUROPEAN OIL ROYALTY TRUST

NOTES TO FINANCIAL STATEMENTS
October 31, 2005, 2004, and 2003

(1) Summary of significant accounting policies:

Basis of accounting -

The accompanying financial statements present financial statement balances and financial results on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States ("GAAP basis"). Cash basis financial statements disclose revenue when cash is received and expenses when cash is paid. GAAP basis financial statements disclose income as earned and expenses as incurred, without regard to receipts or payments. The sole exception to the use of the cash basis of accounting is the accrual for distributions to be paid to unit owners (those distributions approved by the Trustees for the Trust). The Trust's distributable income represents royalty income received by the Trust during the period plus interest income less any expenses incurred by the Trust, all on a cash basis. In the opinion of the Trustees, the use of the cash basis provides a more meaningful presentation to unit owners of the results of operations of the Trust.

Producing gas and oil royalty rights -

The rights to certain gas and oil royalties in Germany were transferred to the Trust at their net book value by North European Oil Company (the "Company") (see Note 2). The net book value of the royalty rights has been reduced to one dollar ($1) in view of the fact that the remaining net book value of royalty rights is de minimis relative to annual royalties received and distributed by the Trust and does not bear any meaningful relationship to the fair value of such rights or the actual amount of proved producing reserves.

Federal income taxes -

The Trust, as a grantor trust, is exempt from federal income taxes under a private letter ruling issued by the Internal Revenue Service.

Cash and cash equivalents -

Included in cash and cash equivalents are amounts deposited in bank accounts and amounts invested in certificates of deposit and U. S. Treasury bills with maturities of three months or less from the date of purchase.

Net income per unit on the cash basis -

Net income per unit on the cash basis is based upon the number of units outstanding at the end of the period (see Note 3). As of October 31, 2005, 2004 and 2003, there were 9,180,876, 8,933,310, and 8,931,414 units of beneficial interest outstanding, respectively.

(2) Formation of the Trust:

The Trust was formed on September 10, 1975. As of September 30, 1975, the Company was liquidated and the remaining assets and liabilities of the Company, including its royalty rights, were transferred to the Trust. The Trust, on behalf of the owners of beneficial interest in the Trust, holds overriding royalty rights covering gas and oil production in certain concessions or leases in the Federal Republic of Germany. These rights are held under contracts with local German exploration and development subsidiaries of ExxonMobil Corp. and the Royal Dutch/Shell Group. Under these contracts the Trust receives various percentage royalties on the proceeds of the sales of certain products from the areas involved. At the present time, royalties are received for sales of gas well gas, oil well gas, crude oil, distillate and sulfur.

(3) Contingent liability:

Since its inception in 1975, the Trust has served as fiduciary for certain unlocated or unknown shareholders of North European Oil Corporation (the “Corporation”) and North European Oil Company, corporate predecessors of the Trust. Pursuant to an order of the Delaware Court of Chancery dated February 26, 1996 (the “Chancery Court Order”), from and after July 1, 2005, the Trust has no further obligation to make payments of dividends or distributions attributable to any unexchanged Corporate and Company shares.

From the liquidation of the Company to October 31, 2004, 723,260 Trust units were issued in exchange for Corporate and Company shares and dividends of $355,166 and distributions of $4,319,084 were paid to formerly unlocated Corporation and Company shareholders. For the year ended October 31, 2005, 3,351 units of beneficial interest were issued in exchanges and $1,869 in dividends and $153,287 in distributions were paid to formerly unlocated Corporation and Company shareholders. There is one claim pending and in process that was instituted prior to the June 30, 2005 expiration date specified in the Chancery Court Order, which, if satisfactorily documented, would require the issuance of an additional 3,150 Trust units and the payment of approximately $150,000 in dividend and distribution arrearages when resolved at a future date.

Pursuant to the Chancery Court Order, the Trust had previously entered into agreements with the Delaware State Escheator and with the New York Administrator of Unclaimed Property. Pursuant to this Order and prior to June 30, 2005, the Trust made a final issuance of 190,116 and 44,565 Trust units to the states of Delaware and New York, respectively. As of October 31, 2005, there are a total of 9,714 units (including the 3,150 units for the one uncompleted claim still in process) that remain unclaimed and will be subject to escheat to various states prior to the end of fiscal 2006. Under the Chancery Court Order and with the exception of the one claim still in process, no payment of arrearages will be made for such units.

(4) Related Party Transactions:

John R. Van Kirk, the Managing Director of the Trust, provides office space and office services to the Trust at cost. During fiscal 2005, the Trust reimbursed him a total of $18,015 for such office space and office services.

(5) Quarterly results (unaudited):

The table below summarizes the quarterly results and distributions of the Trust for the fiscal years ended October 31, 2005 and 2004.

Fiscal 2005 by Quarter and Year

	First	Second	Third	Fourth	Year
Royalties received	$5,154,811	$6,332,292	$5,419,524	$4,178,412	$21,085,039
Net income on a cash basis	$4,835,114	$6,137,395	$5,219,675	$4,030,630	$20,222,814
Net income per unit on a cash basis	.54	.69	.57	.44	2.20
Current year cash distributions paid or to be paid	$4,823,991	$6,164,019	$5,225,869	$3,855,968	$20,069,847
Dividends and distributions paid to formerly unlocated unit owners	.00	.00	.00	.02	.02
Current year cash distributions per unit	.54	.69	.57	.42	2.22

Fiscal 2004 by Quarter and Year

	First	Second	Third	Fourth	Year
Royalties received	$4,360,730	$4,075,008	$3,506,720	$3,118,751	$15,061,209
Net income on a cash basis	$4,134,113	$3,858,689	$3,351,901	$2,962,955	$14,307,658
Net income per unit on a cash basis	.46	.43	.38	.33	1.60
Current year cash distributions paid or to be paid	$4,108,450	$3,840,528	$3,388,930	$2,947,986	$14,285,894
Dividends and distributions paid to formerly unlocated unit owners	.00	.00	.01	.00	.01
Current year cash distributions per unit	.46	.43	.37	.33	1.59

Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out, under the supervision and with the participation of the Trust's management, which consists of the Managing Trustee and the Managing Director, of the effectiveness of the design and operation of the Trust's disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Managing Trustee and the Managing Director concluded that the Trust's disclosure controls and procedures were effective, in all material respects, with respect to the recording, processing, summarizing and reporting, within the time periods specified in the Securities and Exchange Commission's rules and forms, of information required to be disclosed by the Trust's management in the reports that are filed or submitted under the Exchange Act.

Internal Control Over Financial Reporting

Part A. Management's Report on Internal Control over Financial Reporting

The Trust's management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) for the Trust. There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time. Management has evaluated the Trust's internal control over financial reporting as of October 31, 2005. This assessment was based on criteria for effective internal control over financial reporting described in the standards promulgated by PCAOB and in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of October 31, 2005. Our management's assessment of the effectiveness of our internal control over financial reporting as of October 31, 2005 has been audited by Ernst & Young LLP, the Trust's independent auditors, as stated in their report which appears below.

Part B. Attestation Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

To the Board of Trustees and Unit Owners of
North European Oil Royalty Trust

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that North European Oil Royalty Trust (the "Trust") maintained effective internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Trust's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Trust's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and trustees of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

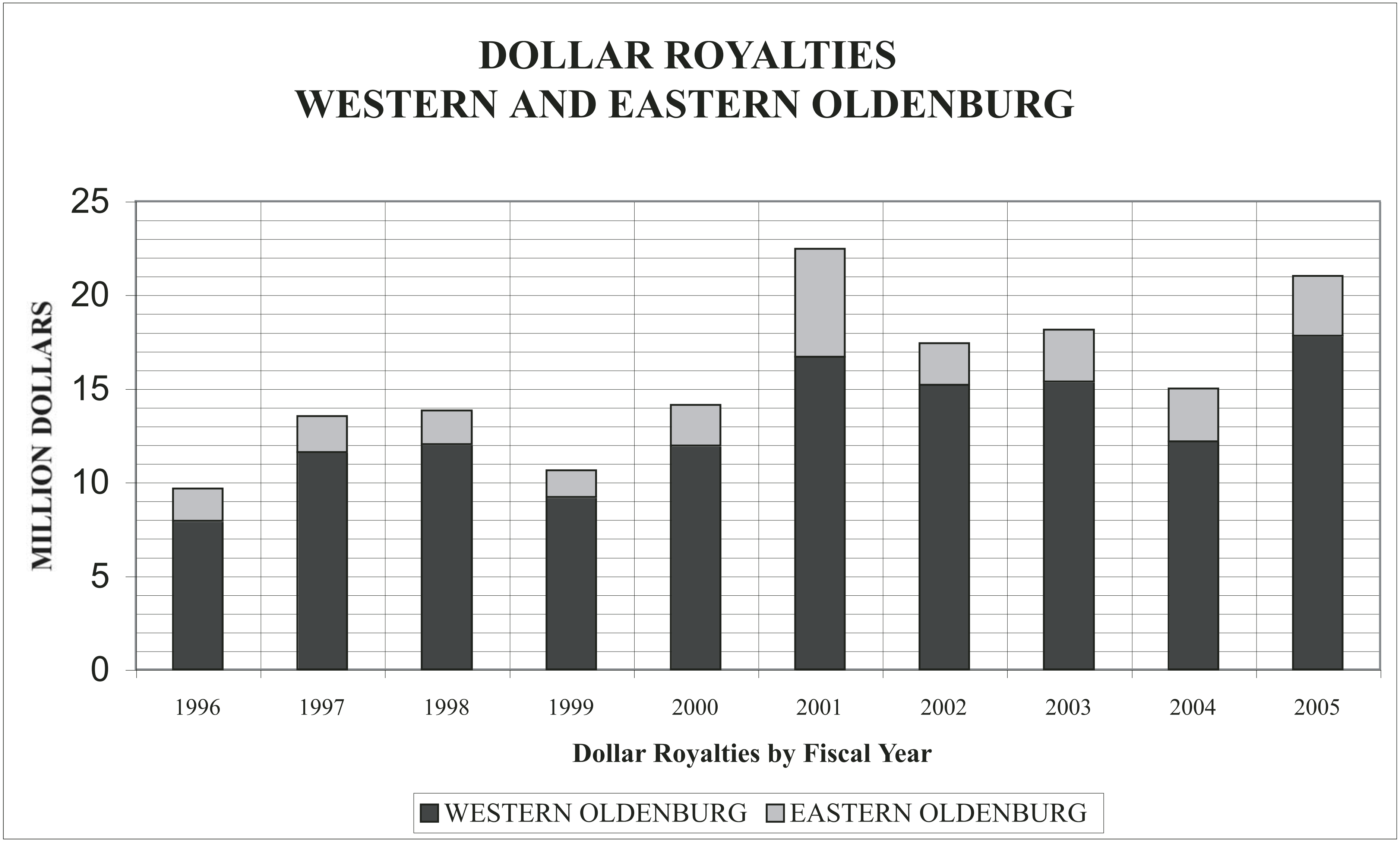
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that North European Oil Royalty Trust maintained effective internal control over financial reporting as of October 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of October 31, 2005, based on the COSO criteria.

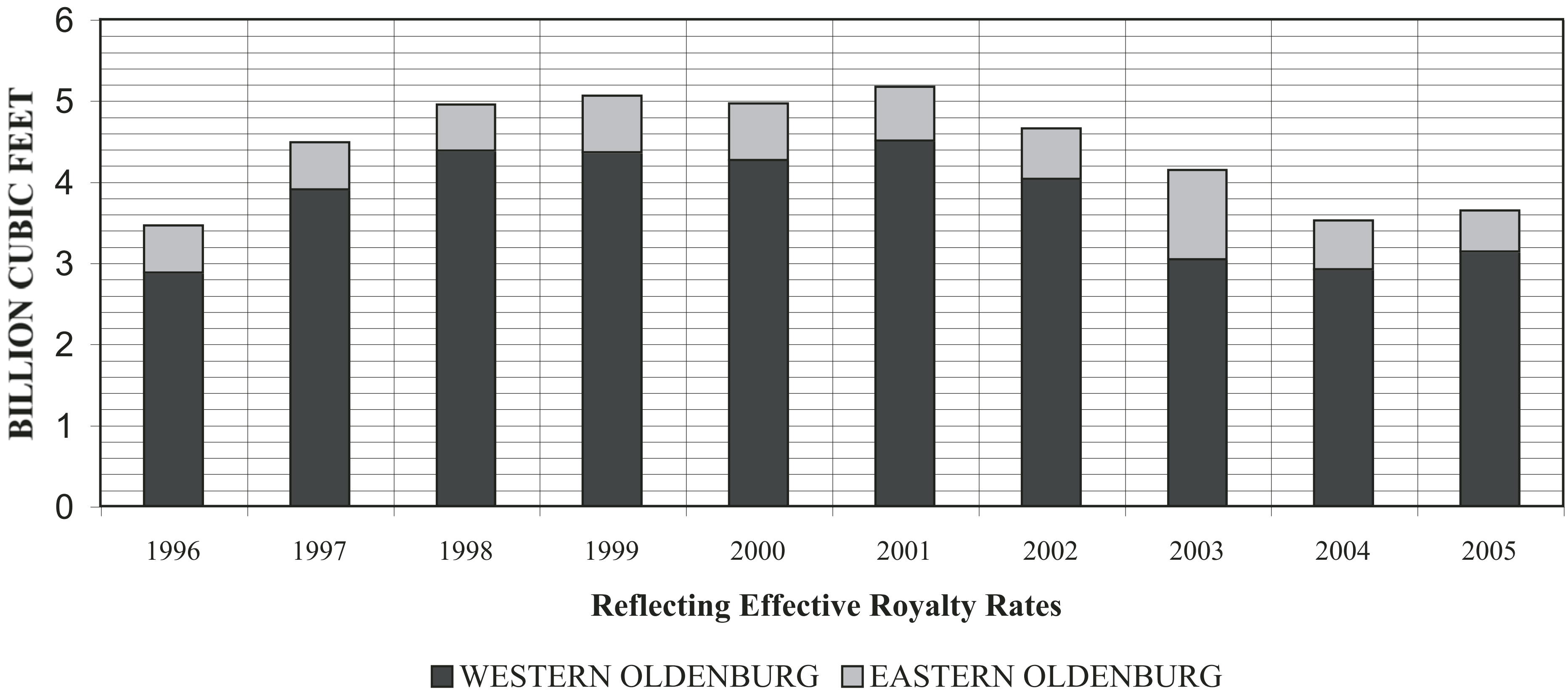
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of assets, liabilities and trust corpus arising from cash transactions as of October 31, 2005 and 2004, and the related statements of revenue collected and expenses paid, undistributed earnings and changes in cash and cash equivalents for each of the three years in the period ended October 31, 2005 of North European Oil Royalty Trust and our report dated December 7, 2005 expressed an unqualified opinion thereon.

/s/Ernst & Young LLP

New York, NY
December 7, 2005


DOLLAR ROYALTIES
WESTERN AND EASTERN OLDENBURG
MILLION DOLLARS
25
20
15
10
5
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
Dollar Royalties by Fiscal Year
WESTERN OLDENBURG
EASTERN OLDENBURG

TEN YEAR HISTORY OF NET GAS SALES



North European Oil Royalty Trust
P.O. Box 456
Red Bank, New Jersey 07701
(732) 741-4008

IMPORTANT

RETAIN THIS LETTER FOR PREPARATION OF YOUR 2005 INCOME TAX RETURNS
THE TRUST DOES NOT FILE NOR FURNISH TO OWNERS FORM 1099

TEAR OUT HERE

January 3, 2006

To the Present and Former Unit Owners of
North European Oil Royalty Trust:

This letter sets forth the information you will require for preparation of your personal income tax return in connection with ownership of units of beneficial interest in North European Oil Royalty Trust (the "Trust") during 2005.

For federal income tax reporting purposes, each owner of units in the Trust is considered to be a grantor or substitute grantor as well as a beneficiary of the Trust. As such, you are deemed to have received your pro rata share of overriding royalties when paid to the Trust and are permitted to deduct your share of Trust expenses. Consequently, your net taxable income may not correspond exactly to the cash distributions received. **TRUST DISTRIBUTIONS SHOULD NOT BE INCLUDED ON INCOME TAX RETURNS AS "DIVIDEND INCOME" AND ARE NOT ELIGIBLE FOR THE DIVIDENDS RECEIVED DEDUCTION FOR CORPORATIONS.**

The Internal Revenue Service has ruled that the overriding royalty rights held by the Trust represent economic interest in oil and gas deposits. Consequently, income realized from such interests is taxable to each unit owner as ordinary income subject to cost depletion. In the initial year of ownership the original cost of the units is the basis for computing the cost depletion. In each subsequent year the basis for computing cost depletion is the adjusted cost basis for their units. This adjusted cost basis is the original cost less the cumulative amount of depletion previously taken. For example 100 units purchased at $20 per unit on January 2 of a given year would have a cost basis of $2,000. If the cost depletion percentage for that year were 10%, you would show a cost depletion of $200 on your tax return and your adjusted cost basis for the following year would be $1,800. If you continued to hold those units through the next year and the cost depletion percentage were the same, you would show a cost depletion of $180 on your tax return and your adjusted cost basis for the following year would be $1,620. The preceding example is for illustration purposes only.

Based upon computations of proved producing reserves estimated in accordance with accepted engineering analytical principles, Ralph E. Davis Associates, Inc. of Houston, Texas has recommended that the percentage to be applied to the cost basis to determine deductions for **the cost depletion for the year 2005 is 8.6660%**. The suggested percentage for cost depletion deduction will be adjusted annually in accordance with reported production results and revised reserve estimates. Since the above percentage covers the entire year 2005, if you owned units for only a portion of the year, you are required to prorate the percentage depletion in the ratio that the cumulative Income per Unit shown on the following schedule for the period of your ownership bears to the Total Income per Unit for the entire year.

If you owned units for the period January 1, 2005 through December 31, 2005, you will be considered to have received and expended, on the cash basis, the respective totals for each unit shown in the following schedule. On the other hand, if you owned units for only a portion of that period, then the schedule shows the amounts of income and deductible expenses reportable by you for each unit owned for the respective months. For your information, income is received between the 24th and the end of each month.

	Income Per Unit	Expenses Per Unit
January	$0.2467	$0.0143
February	0.2126	0.0047
March	0.1814	0.0140
April	0.2957	0.0028
May	0.2100	0.0091
June	0.2070	0.0066
July	0.1733	0.0067
August	0.1906	0.0059
September	0.1698	0.0218
October	0.0947	0.0037
November	0.2159	0.0055
December	0.2302	0.0100
TOTAL 2005	$2.4279	$0.1051

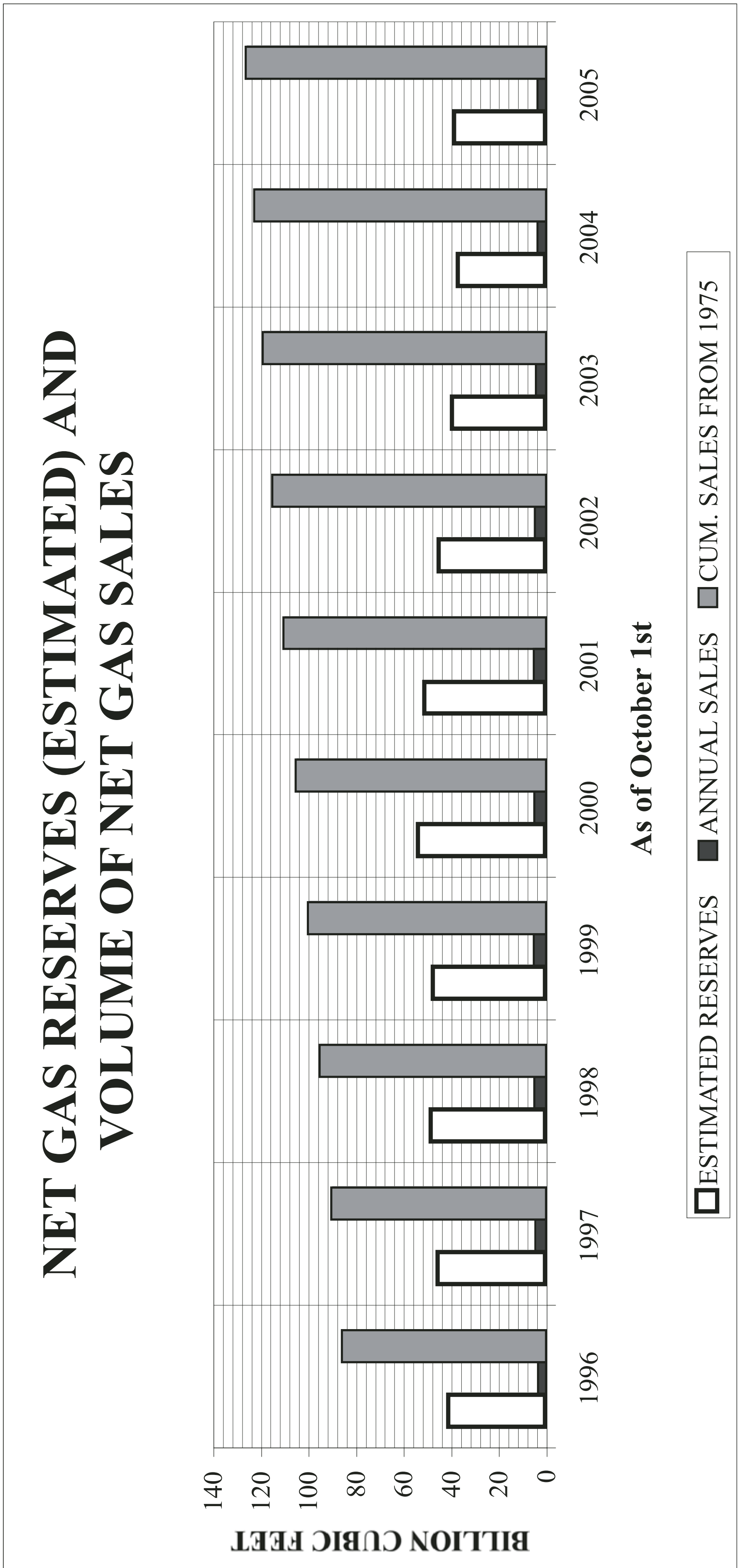
Income and expenses should be reported on Federal Income Tax Form 1040, Schedule E. Under Part I, Income or Loss from Rental Real Estate and Royalties, line 1 enter property description as "oil and gas overriding royalty rights, Germany through North European Oil Royalty Trust." Your income and expenses are calculated by multiplying the above Per Unit figures by the number of units you owned. Your income should be entered on line 4. Expenses should be entered on line 18 as "miscellaneous Trust expenses." Your cost depletion deduction should be entered on line 20. This figure is derived by multiplying the total adjusted cost of all your units by .08666. Your adjusted cost is your original cost minus depletion deducted in prior years. Your net reportable income or loss should be entered on lines 22 and 26 in Part I and on line 40 in Part V and is determined by subtracting the amounts entered on lines 18 and 20 from the amount on line 4. All of the above entries should be adjusted for the period of time you owned your units, if you did not own them throughout 2005.

The royalty income received by the Trust represents income from Germany. Although there are no German taxes imposed on this income, this information should be considered if you have available foreign tax credits from other sources.

<u>The Trust will submit this letter and the listing of unit owners during 2005 to the Internal Revenue Service</u>. This list will contain names, addresses and tax ID or Social Security Numbers; we suggest that you attach this letter to your tax returns

Most sincerely,

John R. Van Kirk
Managing Director


NET GAS RESERVES (ESTIMATED) AND
VOLUME OF NET GAS SALES
BILLION CUBIC FEET
140
120
100
80
60
40
20
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
As of October 1st
ESTIMATED RESERVES
ANNUAL SALES
CUM. SALES FROM 1975

NORTH EUROPEAN OIL ROYALTY TRUST

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Transfer Agent
Registrar and Transfer Co.
10 Commerce Drive
Cranford, N.J. 07016
Tel: (800) 368-5948
(908) 497-2300
Website: www.rtco.com

A copy of the Trust's Form 10-K Annual Report for fiscal 2005 as filed with the Securities and Exchange Commission will be sent upon written request to John R. Van Kirk, Managing Director, P.O. Box 456, Red Bank, New Jersey 07701. In addition to the 2005 10-K, other pertinent filings and documents are available at the Trust's website, www.neort.com