CONDENSED INCOME STATEMENTS (Unaudited)
(Modified Cash Basis)

	For the Three Months Ended July 31, 2006	For the Three Months Ended July 31, 2005	For the Nine Months Ended July 31, 2006	For the Nine Months Ended July 31, 2005
German royalties received	$ 7,312,458	$ 5,419,524	$23,794,149	$16,906,627
Interest income	53,882	20,056	108,578	35,874
Trust expenses	(225,639)	(219,905)	(754,975)	(750,317)
Net income on a cash basis	$ 7,140,701	$ 5,219,675	$23,147,752	$16,192,184
Net income per unit on a cash basis	$ .78	$ .57	$ 2.52	$ 1.77
Dividends and distributions per unit paid to formerly unlocated shareholders	$ .00	$ .00	$ .02	$ .00
Cash distributions declared per unit	$ .77	$ .57	$ 2.50	$ 1.80
Units outstanding	9,190,590	9,168,192	9,190,590	9,168,192

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.

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NORTH EUROPEAN OIL ROYALTY TRUST

Office of the Managing Trustee and Managing Director
Suite 19A
43 West Front Street
P.O. Box 456
Red Bank, N.J. 07701
Tel: (732) 741-4008
Fax: (732) 741-3140
E-Mail: neort@aol.com
Website: www.neort.com

Counsel
Cahill Gordon & Reindel LLP
80 Pine Street
New York, N.Y. 10005

Auditors
Weiser LLP
135 West 50th Street
New York, N.Y. 10020

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

North European Oil Royalty Trust

REPORT TO OWNERS
for the nine months ended July 31, 2006

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

The distribution detailed in this report, covering the Trust's third fiscal quarter ended July 31, 2006, represents your proportionate share of the Trust net income. For the third quarter of fiscal 2006, Trust net income increased by 36.8% to $7,140,701, which permitted a distribution of 77 cents per unit compared to the distribution of 57 cents for the prior year's period. The current distribution is being paid on August 30, 2006 to holders of record as of August 11, 2006.

Trust net income for the nine-month period ended July 31, 2006 was $23,147,752, an increase of 43% from the prior year's equivalent period. Cumulative distributions for the nine-month period are $2.50 per unit compared to $1.80 paid during the same period last year. Cumulative distributions for the twelve-month period including the quarter just ended totaled $2.92 per unit.

The primary factor affecting royalty revenue for the quarter just ended was the significant increase in gas prices under both the higher royalty rate agreement covering western Oldenburg and the lower royalty rate agreement covering the entire Oldenburg concession. While overall gas sales increased slightly, gas sales from western Oldenburg declined. The increases in the average dollar values of the Euro based on total royalty transfers over the prior year were minor.

The recent high world oil prices continue to impact gas prices within Germany. The higher royalty rate agreement between the Trust and the German subsidiary of ExxonMobil covering western Oldenburg provides the Trust with the bulk of its royalties. For gas sales under this agreement for the quarter just ended, the average price increased 38.5% from 1.4738 Euro cents per Kilowatt hour ("Ecents/Kwh") to 2.0417 Ecents/Kwh. When we convert this quarter's price into more familiar terms using the average exchange rate for the quarter, the average price for gas sold under this agreement was $7.42 per Mcf compared to $5.18 per Mcf. This represents a 43.2% increase from the prior year. Gas sales under this agreement declined by 3.9% from 18.325 billion cubic feet ("Bcf") to 17.613 Bcf. At this level, gas sales from western Oldenburg accounted for 41.4% of total Oldenburg gas sales.

The lower royalty rate agreement between the Trust and BEB, a joint venture between ExxonMobil and the Royal Dutch/Shell Group of Companies, covers gas sales from the entire Oldenburg concession. Under this agreement the average gas price for the quarter just ended increased 43.9% from 1.5216 Ecents/Kwh to 2.1900 Ecents/Kwh. When we convert this quarter's gas price into more familiar terms using the average exchange rate for the quarter, the average price for gas sold under this agreement was $7.75 per Mcf compared to $5.25 per Mcf. This represents a 47.6% increase from the prior year. Overall gas sales from the Oldenburg concession increased by 1.6% from 41.91 Bcf to 42.56 Bcf.

Based on the transfer from Germany of royalties received under the higher and lower royalty rate agreements, the average value of the Euro for the quarter just ended increased 4.8% and 2.9%, respectively, to a dollar equivalent of $1.2631 and $1.2615, respectively.

If we exclude the effects of differences in prices and average exchange rates, the combination of royalty rates on gas sold from western Oldenburg results in an effective royalty rate approximately seven times higher than the royalty rate on gas sold from eastern Oldenburg. This is of particular significance to the Trust since gas sold from western Oldenburg provides the bulk of royalties paid to the Trust. For the quarter just ended gas sales from western Oldenburg accounted for only 41.4% of all gas sales. However, royalties on these gas sales provided 84.1% or $6,125,183 out of a total of $7,284,732 in Oldenburg royalties.

Despite the impact on gas sales from the partial shutdown of the Grossenkneten desulfurization plant during the quarter just ended, the continued high world oil prices through their impact on German gas prices pushed the level of Trust royalties significantly higher. This year's shutdown occurred in the third quarter while last year's shutdown occurred in the fourth quarter. With the expanded drilling program that has been ongoing and the restoration of full through-put capacity at Grossenkneten, the prospects for next quarter's gas sales would seem good.

Respectfully submitted,

John R. Van Kirk
Managing Director

August 30, 2006