

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2019 or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number 1-8245

NORTH EUROPEAN OIL ROYALTY TRUST

(Exact Name of Registrant as Specified in its Charter)

Delaware
State or Other Jurisdiction of
Incorporation or Organization

22-2084119
I.R.S. Employer Identification No.

5 N. Lincoln Street, Keene, N.H.
Address of Principal Executive Offices

03431
Zip Code

(732) 741-4008
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units of Beneficial Interest	NRT	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☐

Accelerated filer ☒
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

9,190,590 Units of Beneficial Interest Outstanding as of July 31, 2019

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS (NOTE 1)

JULY 31, 2019 AND OCTOBER 31, 2018

(Unaudited)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets - - Cash and cash equivalents	\$2,096,760	\$1,457,207
Producing gas and oil royalty rights, net of amortization (Notes 1 and 2)	<u>1</u>	<u>1</u>
Total Assets	<u>\$2,096,761</u>	<u>\$1,457,208</u>
 LIABILITIES AND TRUST CORPUS		
Current liabilities - - Distributions to be paid to unit owners, paid August 2019 and paid November 2018	\$2,021,930	\$1,378,589
Trust corpus (Notes 1 and 2)	1	1
Undistributed earnings	<u>74,830</u>	<u>78,618</u>
Total Liabilities and Trust Corpus	<u>\$2,096,761</u>	<u>\$1,457,208</u>

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

STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID (NOTE 1)
FOR THE THREE MONTHS ENDED JULY 31, 2019 AND 2018
(Unaudited)

	<u>2019</u>	<u>2018</u>
Gas, sulfur and oil royalties received	\$2,146,227	\$1,900,082
Interest income	<u>3,855</u>	<u>1,228</u>
Trust Income	<u>\$2,150,082</u>	<u>\$1,901,310</u>
Non-related party expenses	(112,457)	(117,742)
Related party expenses (Note 3)	<u>(15,161)</u>	<u>(15,937)</u>
Trust Expenses	<u>(127,618)</u>	<u>(133,679)</u>
Net Income	<u>\$2,022,464</u>	<u>\$1,767,631</u>
Net income per unit	<u>\$0.22</u>	<u>\$0.19</u>
Distributions per unit paid or to be paid to unit owners	<u>\$0.22</u>	<u>\$0.19</u>

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

STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID (NOTE 1)
FOR THE NINE MONTHS ENDED JULY 31, 2019 AND 2018

(Unaudited)

	<u>2019</u>	<u>2018</u>
Gas, sulfur and oil royalties received	\$6,684,577	\$5,724,343
Interest income	<u>11,441</u>	<u>3,842</u>
Trust Income	<u>\$6,696,018</u>	<u>\$5,728,185</u>
Non-related party expenses	(573,802)	(582,264)
Related party expenses (Note 3)	<u>(60,214)</u>	<u>(62,867)</u>
Trust Expenses	<u>(634,016)</u>	<u>(645,131)</u>
Net Income	<u>\$6,062,002</u>	<u>\$5,083,054</u>
Net income per unit	<u>\$0.66</u>	<u>\$0.55</u>
Distributions per unit paid or to be paid to unit owners	<u>\$0.66</u>	<u>\$0.55</u>

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

STATEMENTS OF UNDISTRIBUTED EARNINGS (NOTE 1)
FOR THE NINE MONTHS ENDED JULY 31, 2019 AND 2018

(Unaudited)

	<u>2019</u>	<u>2018</u>
Balance, beginning of period	\$ 78,618	\$ 104,076
Net income	<u>6,062,002</u>	<u>5,083,054</u>
	6,140,620	5,187,130
Less:		
Current year distributions paid or to be paid to unit owners	<u>6,065,790</u>	<u>5,054,825</u>
Balance, end of period	<u>\$ 74,830</u>	<u>\$ 132,305</u>

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

STATEMENTS OF CHANGES IN CASH AND CASH EQUIVALENTS (NOTE 1)
FOR THE NINE MONTHS ENDED JULY 31, 2019 AND 2018

(Unaudited)

	<u>2019</u>	<u>2018</u>
Sources of Cash and Cash Equivalents:		
Gas, sulfur and oil royalties received	\$6,684,577	\$5,724,343
Interest income	<u>11,441</u>	<u>3,842</u>
	<u>6,696,018</u>	<u>5,728,185</u>
Uses of Cash and Cash Equivalents:		
Payment of Trust expenses	634,016	645,131
Distributions paid	<u>5,422,449</u>	<u>5,330,542</u>
	<u>6,056,465</u>	<u>5,975,673</u>
Net increase (decrease) in cash and cash equivalents during the period	639,553	(247,488)
Cash and cash equivalents, beginning of period	<u>1,457,207</u>	<u>2,126,005</u>
Cash and cash equivalents, end of period	<u>\$2,096,760</u>	<u>\$1,878,517</u>

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

NORTH EUROPEAN OIL ROYALTY TRUST

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

(1) Summary of significant accounting policies:

Basis of accounting -

The accompanying financial statements of North European Oil Royalty Trust (the “Trust”) are prepared in accordance with the rules and regulations of the SEC. Financial statement balances and financial results are presented on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States (“GAAP basis”). In the opinion of management, all adjustments that are considered necessary for a fair presentation of these financial statements, including adjustments of a normal, recurring nature, have been included.

On a modified cash basis, revenue is earned when cash is received and expenses are incurred when cash is paid. GAAP basis financial statements disclose revenue as earned and expenses as incurred, without regard to receipts or payments. The modified cash basis of accounting is utilized to permit 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 modified cash basis of accounting provides a more meaningful presentation to unit owners of the results of operations of the Trust.

The results of any interim period are not necessarily indicative of the results to be expected for the fiscal year. These financial statements should be read in conjunction with the financial statements that were included in the Trust’s Annual Report on Form 10-K for the year ended October 31, 2018 (the “2018 Form 10-K”). The Statements of Assets, Liabilities and Trust Corpus included herein contain information from the Trust’s 2018 Form 10-K.

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 and state 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. The Trust has no state income tax obligations.

Cash and cash equivalents -

Cash and cash equivalents are defined as amounts deposited in bank accounts and amounts invested in certificates of deposit and U. S. Treasury bills with original maturities generally of three months or less from the date of purchase. The investment options available to the Trust are limited in accordance with specific provisions of the Trust Agreement. As of July 31, 2019, the uninsured amount held in the Trust’s U.S. bank accounts was \$1,841,259. In addition, the Trust held € 4,944, the equivalent of \$5,502, in its German bank account at July 31, 2019.

Net income per unit -

Net income per unit is based upon the number of units outstanding at the end of the period. As of both July 31, 2019 and 2018, there were 9,190,590 units of beneficial interest outstanding.

New accounting pronouncements -

The Trust is not aware of any recently issued, but not yet effective, accounting standards that would be expected to have a significant impact on the Trust’s financial position or results of operations.

(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 Corporation and the Royal Dutch/Shell Group of Companies. 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, condensate and sulfur, as further described below in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this 10-Q Report.

(3) Related party transactions:

John R. Van Kirk, the Managing Director, is reimbursed by the Trust for office expenses at cost. For such office expenses, the Trust reimbursed the Managing Director \$1,609 and \$6,717 in the third quarter of fiscal 2019 and 2018, respectively. For such office expenses, the Trust reimbursed the Managing Director \$19,247 and \$19,356 in the first nine months of fiscal 2019 and 2018, respectively.

Lawrence A. Kobrin, a Trustee of the Trust, is a Senior Counsel at Cahill Gordon & Reindel LLP, which serves as counsel to the Trust. For the third quarter of fiscal 2019 and 2018, the Trust paid Cahill Gordon & Reindel LLP \$13,552 and \$9,220 for legal services, respectively. For the first nine months of fiscal 2019 and 2018, the Trust paid Cahill Gordon & Reindel LLP \$40,967 and \$43,511 for legal services, respectively.

(4) Employee benefit plan:

The Trust has established a savings incentive match plan for employees (SIMPLE IRA) that is available to both employees of the Trust, one of whom is the Managing Director. The Trustees have authorized the Trust to make contributions to the accounts of the employees, on a matching basis, of up to 3% of cash compensation paid to each employee effective for the 2019 and 2018 calendar years.

Item 2. 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. As mandated by the Trust Agreement, distributions of income are made on a quarterly basis. These distributions, as determined by the Trustees, constitute substantially all of the funds on hand after provision is made for Trust expenses then anticipated.

The Trust does not engage in any business or extractive operations of any kind in the areas over which it holds royalty rights and is precluded from engaging in such activities 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 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 a concession in the Federal Republic of Germany (the "Oldenburg Concession"). The actual concession is held either by Mobil Erdgas-Erdol GmbH ("Mobil Erdgas"), a German operating subsidiary of the ExxonMobil Corporation ("ExxonMobil"), or by Oldenburgische Erdolgesellschaft ("OEG"). The Oldenburg concession is approximately 1,386,000 acres in size, is located in the German federal state of Lower Saxony, and is the primary area from which the natural gas, sulfur and oil are extracted. The Oldenburg Concession currently provides 100% of all the royalties received by the Trust.

In 2002, Mobil Erdgas and BEB Erdgas und Erdol GmbH ("BEB"), a joint venture of ExxonMobil and the Royal Dutch/Shell Group of Companies, formed a company, ExxonMobil Production Deutschland GmbH ("EMPG"), to carry out all exploration, drilling and production activities. All sales activities upon which the calculation of royalties is based are still handled by either Mobil Erdgas or BEB (the "operating companies").

The operating companies pay monthly royalties to the Trust based on their sales of natural gas, sulfur and oil. Of these three products, natural gas provided approximately 94% of the cumulative royalty income received in fiscal 2019. The amount of royalties paid to the Trust based on the sales of natural gas is primarily determined by four factors: the amount of gas sold, the price of that gas, the area from which the gas is sold, and the exchange rate.

On or about the 25th of the months of January, April, July and October, the operating companies determine the amount of royalties that were payable to the Trust based on applicable sales during the relevant period. This amount is paid out to the Trust in three monthly installments as royalty payments (payable on or about the 15th of each month) during its upcoming fiscal quarter. In addition, the operating companies review the actual amount of royalties that were paid to the Trust for that period and calculate the difference between the amounts paid and the amounts payable. Any additional amounts payable by the operating companies would be paid immediately and any overpayment would be deducted from the payment for the first month of the following fiscal quarter. In September of each year, the operating companies make the final determination of any necessary underpayment or overpayment of royalties for the prior calendar year. The Trust's independent accountants based in Germany review the royalty calculations on a biennial basis.

There are two types of natural gas found within the Oldenburg concession, sweet gas and sour gas. Sweet gas has little or no contaminants and needs no treatment before it can be sold. Sour gas, in comparison, must be processed at the Grossenkneten desulfurization plant before it can be sold. The desulfurization process removes hydrogen sulfide and other contaminants. The hydrogen sulfide in gaseous form is converted to sulfur in a solid form and sold separately. As needed, EMPG conducts maintenance on the plant generally during the summer months when demand is lower. The operating companies have informed the Trust that, to promote greater efficiency and cost effectiveness, the production capacity of Grossenkneten was reduced by approximately one-third through the retirement of Unit 3. With full operation of the two remaining units, raw gas input capacity would stand at approximately 400 million cubic feet per day.

Under one set 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 (the "Mobil Agreement"). Under the Mobil Agreement, there is no deduction of costs prior to the calculation of royalties from gas well gas and oil well gas, which together accounted for approximately 98% of the cumulative royalty income received under this agreement in fiscal 2019.

The Trust is also entitled under a separate agreement with Mobil to receive 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 "Mobil Sulfur Agreement"). The payment of the sulfur royalty is conditioned upon sales of sulfur by Mobil Erdgas at a selling price above an agreed upon base price adjusted annually by an inflation index. In the first nine months of fiscal 2019, the Trust received \$107,524 in sulfur royalties under the Mobil Sulfur Agreement. The Trust was entitled to receive sulfur royalties in the amount of

Euros 39,134 for the third quarter of fiscal 2019, but due to the overpayment of royalties by the operating companies, the sulfur royalties were used to reduce the amount of the overpayment. In the first nine months of fiscal 2018, the Trust received \$46,458 in sulfur royalties under the Mobil Sulfur Agreement.

Under another set of rights covering the entire Oldenburg concession and pursuant to the agreement with OEG, the Trust receives royalties at the rate of 0.6667% on gross receipts from sales by BEB of gas well gas, oil well gas, crude oil, condensate and sulfur less a certain allowed deduction of costs (the “OEG Agreement”). Under the OEG Agreement, 50% of the field handling and treatment costs, as reported for state royalty purposes, are deducted from the gross sales receipts prior to the calculation of the royalties to be paid to the Trust.

On August 26, 2016, the Mobil and OEG Agreements were amended, establishing a new base for the determination of gas prices upon which the Trust’s royalties are determined. This new base is set as the state assessment base for natural gas used by the operating companies in their calculation of royalties payable to the State of Lower Saxony. This change reflects a shift from the use of gas ex-field prices (“contractual prices”) to the prices calculated for the German Border Import gas Price (“GBIP”). The change to the GBIP should reduce the scope and cost of the accounting examination, eliminate ongoing disputes with OEG and Mobil regarding sales to related parties, and reduce prior year adjustments to the normally scheduled year-end reconciliation. The new pricing basis also eliminates certain costs (transportation and plant gas storage), 50% of which were previously deductible prior to the royalty calculation under the OEG Agreement.

Per the terms of the amended Mobil and OEG Agreements, the average GBIP is increased by 1% and 3%, respectively, prior to the start of the royalty calculation. Actual gas sales from the prior calendar quarter are multiplied by the average GBIP for a period starting two months earlier and provide the basis for royalty payments to the Trust during its fiscal quarter. The average GBIP for the corresponding period of actual sales is not available due to the delay in its calculation.

In September of the following calendar year, EMPG makes a final reconciliation based upon the published yearly average GBIP increased by the respective percentage factor and the total volume of gas sold under the royalty agreements during the prior calendar year. Required additions to royalty amounts already paid are paid immediately. Required deductions from royalty amounts already paid are deducted from the next royalty payment due.

The new basis for oil prices is the published price from the State Authority for Mining, Energy and Geology. There is no change in the previous methodology used with regard to the determination of royalties attributable to sales of sulfur.

Working under a confidentiality agreement with the operating companies, the Trust's independent accountants based in Germany (Prufung + Beratung GmbH) are responsible for confirming that the volume of gas sales corresponds to the amount reported and that the weighted GBIP was properly calculated and applied in the calculation of royalties payable to the Trust.

For unit owners, changes in the currency exchange rate between the U.S. Dollar and the Euro have an immediate impact. This impact occurs at the time the royalties, which are paid to the Trust in Euros, are converted into U.S. Dollars at the applicable exchange rate and promptly transferred from Germany to the United States. In relation to the U.S. Dollar, a stronger Euro would yield more U.S. Dollars and a weaker Euro would yield less U.S. Dollars.

Vermilion Energy Inc. ("Vermilion"), a Canadian based international oil and gas producer, entered into a Farm-In Agreement (the "Farm-In Agreement") with Mobil Erdgas and BEB effective as of January 1, 2016. The Trust has been advised by its consultant in Germany that, based on conversations with people at EMPG and other sources, the Farm-In Agreement specifies that Vermilion has acquired an interest in various portions of a concession or areas owned by Mobil Erdgas and BEB, including the three northernmost areas of the Oldenburg concession. The Farm-In Agreement commits Vermilion to financial participation at a 50% level in 3 exploratory wells over the next five years in areas subject to the Trust's royalties. If a well in the area subject to the Trust's royalties is a discovery, Vermilion's participation in the production and sales will be 50%. Vermilion's participation in the development of any well does not impact the Trust's royalty interest and the sale of that gas or oil would be subject to the relevant royalty contract.

The Trust continues to engage a consultant in Germany, who provides general information to the Trust on the German and European economies and energy markets. The consultant receives reports from EMPG with respect to current and planned drilling and exploration efforts. However, EMPG and the operating companies continue to limit the information flow to that which is required by German law.

Results: Third Quarter of Fiscal 2019 Versus Third Quarter of Fiscal 2018

Total royalty income received during the third quarter of fiscal 2019 was derived from sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the second calendar quarter of 2019. A distribution of 22 cents per unit was paid on August 28, 2019 to owners of record as of August 16, 2019. Comparisons of total royalty income and net income for the third quarter of fiscal 2019 and 2018 are shown below.

	3rd Fiscal Quarter Ended 7/31/2019	3rd Fiscal Quarter Ended 7/31/2018	Percentage Change
Total Royalty Income	\$2,146,227	\$1,900,082	+ 12.95%
Net Income	\$2,022,464	\$1,767,631	+ 14.42%
Distribution per Unit	\$0.22	\$0.19	+ 15.79%

The increase in total royalty income for the third quarter of fiscal 2019 from the third quarter of fiscal 2018 resulted primarily from the uninterrupted operation of the Grossenkneten desulfurization plant as compared to the significantly reduced processing capacity at Grossenkneten during the third quarter of fiscal 2018 due to maintenance and repair issues. This increase more than offset the decline in gas prices and average exchange rates. There were only minor adjustments (-\$13,020) impacting royalties during the third quarter of fiscal 2019 and no adjustments during the third quarter of fiscal 2018. There were no royalties received under the Mobil Sulfur Agreement in either the third quarter of fiscal 2019 or fiscal 2018.

The table below is intended to illustrate trends based on actual gas sales in each fiscal quarter. Gas royalties shown in the table below are determined based on the actual physical gas sales that occurred during the second calendar quarter of 2019 and the average German Border Import gas Price for the period of February 2019 through April 2019. Under both the Mobil and OEG Agreements, higher gas sales were the primary factor contributing to the increase in royalty income during the third quarter of fiscal 2019 in comparison to the third quarter of fiscal 2018.

Gas Data Providing Basis for Fiscal Quarter Royalties			
Mobil Agreement	2 nd Calendar Quarter Ended 6/30/2019	2 nd Calendar Quarter Ended 6/30/2018	Percentage Change
Gas Sales (Bcf) ¹	4.902	3.593	+ 36.43%
Gas Prices ² (Ecents/Kwh) ³	1.8620	1.9141	- 2.72%
Average Exchange Rate ⁴	1.1202	1.1705	- 4.30%
Gas Royalties	\$1,174,573	\$923,710	+ 27.16%
Gas Prices (\$/Mcf) ⁵	\$5.99	\$6.43	- 6.84%
OEG Agreement			
Gas Sales (Bcf)	16.320	11.712	+ 39.34%
Gas Prices (Ecents/Kwh)	1.8988	1.9520	- 2.73%
Average Exchange Rate	1.1187	1.1705	- 4.43%
Gas Royalties	\$514,474	\$350,867	+ 46.63%
Gas Prices (\$/Mcf)	\$5.93	\$6.37	- 6.91%

¹Billion cubic feet ²Gas prices derived from February-April period ³Euro cents per kilowatt hour ⁴Based on average Euro/dollar exchange rates of cumulative royalty transfers
⁵Dollars per thousand cubic feet

Excluding 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 calendar quarter ended June 30, 2019, gas sales from western Oldenburg accounted for only 30.04% of all gas sales from the Oldenburg concession. However, royalties on these gas sales provided approximately 78.62%, or \$1,612,220 out of \$2,050,519, of all royalties attributable to gas sales from the Oldenburg concession.

Trust expenses for the third quarter of fiscal 2019 decreased 4.53%, or \$6,061, to \$127,618 in comparison to \$133,679 for the third quarter of fiscal 2018. This decrease in expenses reflects the reduction in office expenses due to the shift to a virtual office. Trust interest income received during the third quarter of fiscal 2019 was \$3,855, in comparison to \$1,228 received in the third quarter of fiscal 2018.

The current Statements of Assets, Liabilities and Trust Corpus of the Trust at July 31, 2019, compared to that at fiscal year-end (October 31, 2018), shows an increase in assets due to higher royalty receipts during the third quarter of fiscal 2019.

Results: First Nine Months of Fiscal 2019 Versus First Nine Months of Fiscal 2018

Total royalty income received during the first nine months of fiscal 2019 was primarily derived from sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the fourth calendar quarter of 2018 and the first and second calendar quarters of 2019. Comparisons of total royalty income and net income for the first nine months of fiscal 2019 and 2018 are shown below.

	Nine Months Ended 7/31/2019	Nine Months Ended 7/31/2018	Percentage Change
Total Royalty Income	\$6,684,577	\$5,724,343	+ 16.77%
Net Income	\$6,062,002	\$5,083,054	+ 19.26%
Distribution per Unit	\$0.66	\$0.55	+ 20.00%

The increase in total royalty income in the first nine months of fiscal 2019 from the first nine months of fiscal 2018 resulted from a combination of higher gas prices under both the Mobil and OEG Agreements during the first two fiscal quarters and higher gas sales during the third quarter of fiscal 2019. Additionally, by the time that the operating companies had access to the data upon which to base their calculations of royalties payable in the third quarter for fiscal 2019, the Trust had already received its final payment for that quarter. As a result, the Trust received more royalties than it was owed in the final quarter of the nine-month period ended July 31, 2019, and the total royalty income for the current nine-month period is higher than it otherwise would have been. Therefore, the required negative adjustment of Euros 295,369, including the Mobil sulfur royalties due for the third quarter, will be offset against the scheduled royalty payments in the Trust's fourth fiscal quarter.

The table below is intended to illustrate trends based on actual gas sales in each fiscal nine-month period. Gas royalties shown in the table below are determined based on the actual physical gas sales that occurred during the fourth calendar quarter of 2018 and the first and second calendar quarter of 2019 and the average German Border Import gas Price for the period of August 2018 through April 2019. Under both the Mobil and OEG Agreements, higher gas sales and higher gas prices were the factors contributing to the increase in royalty income during the first nine-month period of fiscal 2019 in comparison to the first nine-month period of fiscal 2018.

Gas Data Providing Basis for Fiscal Nine-Month Period Royalties			
	Nine Months Ended 6/30/2019	Nine Months Ended 6/30/2018	Percentage Change
Mobil Agreement			
Gas Sales (Bcf)	15.631	14.447	+ 8.20%
Gas Prices (Ecents/Kwh)	2.0188	1.7830	+ 13.22%
Average Exchange Rate	1.1278	1.2041	- 6.34%
Gas Royalties	\$4,087,994	\$3,538,152	+ 15.54%
Gas Prices (\$/Mcf)	\$6.54	\$6.12	+ 6.86%
OEG Agreement			
Gas Sales (Bcf)	50.706	46.235	+ 9.67%
Gas Prices (Ecents/Kwh)	2.0572	1.8181	+ 13.15%
Average Exchange Rate	1.1275	1.2064	- 6.54%
Gas Royalties	\$1,798,108	\$1,440,456	+ 24.83%
Gas Prices (\$/Mcf)	\$6.48	\$6.14	+ 5.54%

For the nine months ended June 30, 2019, gas sales from western Oldenburg accounted for only 30.83% of all gas sales from the Oldenburg concession. However, royalties on these gas sales provided approximately 78.78%, or \$4,929,450 out of \$6,257,319, of all royalties attributable to gas sales from the Oldenburg concession.

Trust expenses for the first nine months of fiscal 2019 decreased 1.72% or \$11,115 to \$634,016 in comparison to \$645,131 for the prior fiscal year's equivalent period. This decrease in expenses reflects the absence of current costs relating to the biennial examination of the royalty statements by the Trust's accountants in Germany because 2019 is an alternate year. Trust interest income received during the first nine months of fiscal 2019 increased to \$11,441 in comparison to \$3,842 received in the first nine months of fiscal 2018 due to higher interest rates in effect and larger deposit balances.

This report on Form 10-Q may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements address future expectations and events or conditions concerning 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:

- risks and uncertainties concerning levels of gas production and gas sale prices, general economic conditions and currency exchange rates;
- the ability or willingness of the operating companies to perform under their contractual obligations with the Trust;
- potential disputes with the operating companies and the resolution thereof; and
- the risk factors set forth under Item 1A of the Trust's Annual Report on Form 10-K for the year ended October 31, 2018.

All such factors are difficult to predict, contain uncertainties that may materially affect actual results, and are generally beyond the control of the Trust. New factors emerge from time to time and it is not possible for the Trust to predict all such factors or to assess the impact of each such factor on the Trust. Any forward-looking statement speaks only as of the date on which such statement is made, and the Trust does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Trust is a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Trust is recorded, processed, summarized, accumulated and communicated to its management, which consists of the Managing Director, to allow timely decisions regarding required disclosure, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

The Managing Director has performed an evaluation of the effectiveness of the design and operation of the Trust's disclosure controls and procedures as of July 31, 2019 based on the criteria for effective internal control over financial reporting described in the standards promulgated by the Public Company Accounting Oversight Board and the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Managing Director concluded that the Trust's disclosure controls and procedures were effective as of July 31, 2019.

There have been no changes in the Trust's internal control over financial reporting identified in connection with the evaluation described above that occurred during the third quarter of fiscal 2019 that have materially affected or are reasonably likely to materially affect the Trust's internal control over financial reporting.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

The Trust is not a party to any pending legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosure.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit 31. Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32. Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTH EUROPEAN OIL ROYALTY TRUST
(Registrant)

/s/ John R. Van Kirk
John R. Van Kirk

Managing Director

August 29, 2019

Exhibit 31

Certification of Chief Executive Officer
and Chief Financial Officer
Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002

I, John R. Van Kirk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of North European Oil Royalty Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, 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;

- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John R. Van Kirk
John R. Van Kirk
Managing Director
(Chief Executive Officer and
Chief Financial Officer)

August 29, 2019

Exhibit 32

Certification of Chief Executive Officer
and Chief Financial Officer
Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chapter 63, Title 18 U.S.C. Section 1350(a) and (b)), the undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended July 31, 2019 of North European Oil Royalty Trust (“Trust”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

/s/ John R. Van Kirk
John R. Van Kirk
Managing Director
(Chief Executive Officer and
Chief Financial Officer)

August 29, 2019