North European Oil Royalty Trust

REPORT TO OWNERS
for the three months ended January 31, 2005

CONDENSED INCOME STATEMENTS (Cash Basis) (Unaudited)

	For the Three Months Ended January 31, 2005	For the Three Months Ended January 31, 2004
German royalties received	$ 5,154,811	$ 4,360,730
Interest income	5,320	6,393
Trust expenses	325,017	233,010
Net income on a cash basis	$ 4,835,114	$ 4,134,113
Net income per unit on a cash basis	$ .54	$ .46
Cash distributions declared per unit	$ .54	$ .46
Units outstanding	8,933,316	8,931,414

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

Report to Unit Owners:

Net Trust income for the first quarter of fiscal 2005 was $4,835,114 as compared to $4,134,113 for the first quarter of fiscal 2004. This level of income permitted a distribution of 54 cents per unit which is being paid on February 23, 2005 to owners of record as of February 11, 2005. Gross royalty income of $5,154,811 for the quarter ended January 31, 2005 increased 18.2% when compared to gross royalty income of $4,360,730 received during last year's equivalent period. This royalty income was based on sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the fourth calendar quarter of 2004.

In comparison to the first quarter of fiscal 2004, the combination of higher gas prices and higher average exchange rates (applied to the royalty transfers from Germany) more than offset the decline in the volume of gas sales. It appears that the operating companies' efforts to increase gas sales are beginning to have some effect although the volume of gas sales still fell from the prior year's equivalent quarter. Gas sales under the higher royalty rate agreement covering western Oldenburg declined by 4.6% from 18.17 billion cubic feet ("Bcf") to 17.33 Bcf compared to the first quarter of fiscal 2004. Overall gas sales throughout the Oldenburg concession covered under the lower royalty rate agreement declined 5.1% from 46.59 Bcf to 44.21 Bcf compared to the first quarter of fiscal 2004. The decline in gas sales was almost evenly spread through both the eastern and western halves of the Oldenburg concession.

For the quarter just ended the average price of gas sold under the higher royalty rate agreement increased 9.9% from 1.1836 Eurocents/Kwh ("Ecents/Kwh") to 1.3010 Ecents/Kwh. For the same period, the average price of gas sold under the lower royalty rate area increased 16.9% from 1.2120 Ecents/Kwh to 1.4169 Ecents/Kwh. The immediate impact of the exchange rates occurs when they are applied to provide the equivalent value in dollars to the royalties paid to the Trust when those royalties are transferred to the U.S. Based on the conversion and transfer of all the royalties during the quarter, the weighted average value for the Euro increased by 7.7% from a dollar equivalent of 1.2269 for the first quarter of fiscal 2004 to 1.3213 for the quarter just ended. If we apply this weighted average value to the average price of gas during the quarter just ended, we can convert the average gas prices into more familiar terms. For the first quarter of fiscal 2005 the average gas price for gas sold under both the higher and lower royalty rate agreements was $5.09/Mcf as compared to $4.18/Mcf for the first quarter of fiscal 2004.

ANNUAL MEETING REPORT

The Annual Meeting of Unit Owners was held on February 9, 2005 at the University Club in New York City. Both the welcome turnout of approximately 30 unit owners and the continuing high level of voting by the unit owners was noted and appreciated by the Trustees. With over 85% of all units outstanding represented in person or by proxy, the five serving Trustees were re-elected. In the question and answer period the primary topic of discussion was the volume of gas sales and the impact of ongoing efforts by the operating companies to address the fall-off in gas production and sales.

With the end of the first quarter of fiscal 2005, quarterly gas sales for western Oldenburg have posted declines in quarterly comparisons for nine consecutive quarters. In a corresponding comparison, overall gas sales for the entire Oldenburg concession have posted quarterly declines for five consecutive quarters and for seven quarters out of the preceding nine. From comments made by the operating companies it appears that the decline in gas sales seems to be directly related to a drop in production capacity, which in turn was caused by a general decline in wellhead pressure. The decline in wellhead pressure is a natural occurrence as wells age and fields mature. Individual wells begin their production cycle with different initial pressure levels and, depending upon the rate at which the gas is withdrawn and the underlying geological structure, the decline in pressure and the amount of recoverable gas will vary from well to well. In an actively operated concession there is a mix of newer and older wells along with an active exploration and drilling program. Prior to 2004, the operating companies have only had a limited drilling program averaging perhaps two wells per year over the prior ten years. It appears that the primary reason behind the limited exploration and drilling program has been the high state royalty imposed on gas sales by the State of Lower Saxony, where the Oldenburg concession is located. The high state royalty consumes a large portion of funds that would otherwise be available for exploration and drilling. Following the merger of Exxon and Mobil in 1999, the newly formed corporation began a worldwide re-evaluation of potential exploration and development in order to decide where best to make future investments. We believe the Trust is seeing the benefits of this analysis with the accelerating drilling program that began in 2004 and continues in 2005. As the additional wells come fully on-line, the mix of new and old wells will reach a healthier ratio. The installation of the new compressor systems has helped to increase production capacity on an immediate basis. In the future, the compressors are expected to allow the complete exploitation of the reserves in not only the wells currently connected but additional wells as residual pressures continue to drop over time. It is our hope that the completion of the wells already drilled in 2004 and the drilling efforts planned by the operating companies for 2005 will help return gas sales to the higher levels experienced in prior years and that the operating companies will continue a more active drilling and exploration program in the future.

Respectfully submitted,

John R. Van Kirk
Managing Director

February 18, 2005