CONDENSED INCOME STATEMENTS
(Cash Basis) (Unaudited)

	For the Three Months Ended January 31, 2006	For the Three Months Ended January 31, 2005
German royalties received	$ 8,184,669	$ 5,154,811
Interest income	22,033	5,320
Trust expenses	262,093	325,017
Net income on a cash basis	$ 7,944,609	$ 4,835,114
Net income per unit on a cash basis	$ .86	$ .54
Dividends and distributions per unit paid to formerly unlocated shareholders	$ .02	$ .00
Cash distributions declared per unit	$ .85	$ .54
Units outstanding	9,184,026	8,933,316

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 OWNERS
for the three months ended January 31, 2006

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

Net income for the first quarter of fiscal 2006 was $7,944,609 as compared to $4,835,114 for the first quarter of fiscal 2005, an increase of $3,109,495 or 64.3%. This level of income permitted a distribution of 85 cents per unit which is being paid on February 22, 2006 to owners of record as of February 10, 2006. Gross royalty income of $8,184,669 for the quarter ended January 31, 2006 increased 58.7% when compared to gross royalty income of $5,154,811 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 2005.

The increase in royalty income for the first quarter of fiscal 2006 resulted from the combination of higher gas prices and higher gas sales, which more than offset the decline in average exchange rates (based on the royalty transfers from Germany). For the quarter just ended the average price of gas sold under the higher royalty rate agreement increased 57.2% from 1.3010 Eurocents/Kwh ("Ecents/Kwh") to 2.0456 Ecents/Kwh. For the same period, the average price of gas sold under the lower royalty rate area increased 49.9% from 1.4169 Ecents/Kwh to 2.1240 Ecents/Kwh. Based on the conversion and transfer of all the royalties during the quarter, the weighted average value for the Euro declined by 9.2% from a dollar equivalent of 1.3213 for the first quarter of fiscal 2005 to 1.1996 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. The average gas prices for gas sold under both the higher and lower royalty rate agreements were $7.02/Mcf and $7.23/Mcf respectively. The corresponding prices for the first quarter of fiscal 2005 were $4.94/Mcf and $5.23/Mcf respectively.

Based on the increase in the level of gas sales, it appears that the operating companies' increased drilling and the installation of new compressors have had some impact. Gas sales under the higher royalty rate agreement covering western Oldenburg increased by 12.7% from 17.33 billion cubic feet ("Bcf") to 19.54 Bcf compared to the first quarter of fiscal 2005. Overall gas sales throughout the Oldenburg concession covered under the lower royalty rate agreement increased 8.3% from 44.21 Bcf to 47.88 Bcf compared to the first quarter of fiscal 2005.

ANNUAL MEETING REPORT

The Annual Meeting of Unit Owners was held on February 9, 2006 at The University Club in New York City. Approximately 25 unit owners attended including a number of new faces, which are always welcome. With over 87% of all units outstanding represented in person or by proxy, the five serving Trustees were re-elected. In the discussion and the question and answer period during the meeting, a number of topics were explored, some of which I have summarized below.

In 2005 the Trust completed implementation of the Delaware Court of Chancery order to eliminate the contingent liability for possible arrearage payments imposed at the time of the formation of the Trust. As of July 1, 2005 that contingent liability, which had grown to more than $30 million, was eliminated. All outstanding Trust units are now in the hands of owners or have been escheated to various states except for the final 6,564 unissued units, which, if unclaimed, will be escheated by the end of April 2006.

Comparisons between the Trust and other public oil royalty trusts in the United States has always been difficult because of the fundamental differences between the U.S. and European energy markets. In recent years the U.S. market has experienced deregulation and is currently experiencing supply problems, exacerbated by last summer's hurricanes, with no ready short term solution. In contrast the European market has been characterized by the use of long term contracts, a stable source of supply and close relationships between energy suppliers and distributors. For a long time the Europeans paid a premium for this security of supply and until recent years energy prices in Europe were generally higher than in the U.S. The recent actions by Gazprom, the Russian energy giant, to temporarily suspend some gas shipments to the Ukraine and Europe has shaken that sense of security. Diversification of supply sources is now under serious consideration by European governments, which may potentially lead to increases in domestic exploration and drilling.

A question was raised as to whether other areas were available for exploration within the royalty area. We understand from reports from the operating companies that they continue to explore for additional drill site locations beyond the boundaries of existing fields and that they are also involved in a long term study of the Carboniferous zone, which lies below the Zechstein (sour gas) bearing zone in Oldenburg. While one well has successfully penetrated this level, long term development will depend on the success of the operating companies in utilizing the horizontal drilling technology at even greater depths than previously developed. This entails significant risks and costs. While the current high prices for gas provides some reassurance that such exploration may be economically successful, it is the long term prices for gas that will ensure economic success or not.

With this quarter's increase in both western and overall gas sales, it would appear that the combination of increased drilling in recent years and the completion of the new compressors has apparently reversed the decline in gas sales seen over the last few years. The five new wells begun in 2005 and the two scheduled for 2006 continue the expanded drilling program as reported by the operating companies. Whether these efforts will result in further increases in gas sales or simply maintain the current level is too soon to tell.

Respectfully submitted,

John R. Van Kirk
Managing Director

February 13, 2006