

CONDENSED INCOME STATEMENTS
(Cash Basis) (unaudited)

	For the Three Months Ended April 30, 2002		For the Six Months Ended April 30, 2002		For the Six Months Ended April 30, 2001	
German royalties received.....	\$4,504,767	\$5,574,374	\$9,269,851	\$12,016,334		
Interest income.....	12,551	46,609	36,853	76,919		
Trust expenses.....	(25,020)	(225,829)	(271,561)	(375,238)		
Net income on a cash basis.....	\$4,492,298	\$5,395,154	\$9,035,143	\$11,718,015		
Net income per unit on a cash basis.....	\$.50	\$.61	\$ 1.01	\$ 1.32		
Dividends and distributions per unit paid to formerly unlocated shareholders.....	\$.00	\$.00	\$.00	\$.00		
Cash distributions declared per unit.....	\$.50	\$.61	\$ 1.01	\$ 1.32		
Units outstanding.....	8,931,414	8,886,804	8,931,414	8,886,804		

This report may contain forward looking statements concerning business, financial performance and financial condition of the Trust, which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in any forward looking statement. The statements contained herein are based on the Trustees' current beliefs, expectations and assumptions and are subject to a number of risks and uncertainties. Actual results and events may vary significantly from those discussed in the forward looking statements.



**NORTH EUROPEAN
OIL ROYALTY TRUST**

Managing Trustee
John H. Van Kirk

Trustees
Robert P. Adelman
Samuel M. Eisenstat
Willard B. Taylor
Rosalie J. Wolf

Managing Director
John R. Van Kirk

**Office of the Managing Trustee
and Managing Director**

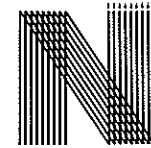
Suite 19A
43 West Front Street
P.O. Box 456
Red Bank, N.J. 07701
TEL: (732) 741-4008
FAX: (732) 741-3140
E-MAIL: NEORT@aol.com

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

Auditor
Arthur Andersen LLP
105 Eisenhower Parkway
Roseland, N.J. 07068

Transfer Agent
Registrar and Transfer Co.
10 Commerce Drive
Cranford, N.J. 07016
TEL: (800) 368-5948

North European Oil Royalty Trust



REPORT TO OWNERS
for the three months ended April 30, 2002

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

For the second quarter of fiscal 2002 ended April 30, 2002, the Trust's net royalty income was \$4,492,298, 16.7% lower than the prior year's period. This royalty income was derived from sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the first calendar quarter of 2002. This level of income allowed a distribution of 50 cents per unit payable on May 29, 2002 to holders of record as of May 10, 2002. For the six month period, the Trust's net royalty income was \$9,035,143. This is a decrease of 22.7% from the prior year's period and permitted total distributions of \$1.01 per unit.

The amount of royalties paid to the Trust is based on four primary factors: the amount of gas sold, the price of that gas, the area from which the gas is sold and the exchange rate. In the quarter just ended all of these factors had a negative impact on Trust royalties.

Under the lower royalty rate agreement with BEB, the joint venture between the German subsidiaries of Exxon Mobil and the Royal Dutch Group, covering the entire Oldenburg concession gas sales were 52.7 billion cubic feet ("Bcf"), down 7.3% from 56.9 Bcf for the second quarter of fiscal 2001. Under the higher royalty rate agreement with the German subsidiary of Exxon Mobil covering western Oldenburg, gas sales were 23.0 Bcf, down 10.7% from 25.8 Bcf for the second quarter of fiscal 2001. The average gas price for gas sold under the lower royalty rate agreement was 1.5107 Euro cents per Kilowatt hour ("Ecents/Kwh"), down 9.1% from 1.6620 Ecents/Kwh the average for the second quarter of fiscal 2001. The average price for gas sold under the higher royalty rate agreement was 1.3878 Ecents/Kwh, down 13.4% from 1.6016 Ecents/Kwh the average for the second quarter of fiscal 2001. Under the lower royalty rate agreement the average value of the Euro based on the monthly transfer of royalties to the U.S. was \$0.8783, down 2.7% from \$0.9025 the average value for the second quarter of fiscal 2001. Under the lower royalty rate agreement the average value of the Euro based on the monthly transfer of royalties to the U.S. was \$0.8767, down 2.6% from \$0.9004 the average value for the second quarter of fiscal 2001. Converting the average gas prices using the average exchange rates for the quarter into more familiar terms yields an average gas price under both the lower and higher royalty rate agreements of \$3.50 per thousand cubic feet.

The significance of changes in the exchange rate

and the amount and price of gas sold from the Oldenburg concession is shown through the impact on Trust income that results from the application of the particular royalty rate. Under the lower royalty rate agreement the lower gas sales, prices and exchange rate resulted in a 15.2% decline in royalties from gas sales to \$1,542,484 from \$1,819,655 for the second quarter of fiscal 2001. This 15.2% decline represented a drop of \$ 277,171 in royalties. Under the higher royalty rate agreement from which the Trust derives the bulk of its royalties, the concentration of reduction in gas sales in the western area of Oldenburg along with lower gas prices and a lower average exchange rate resulted in a 24% decline in royalties from gas sales to \$3,218,343 from \$4,234,465 for the second quarter of fiscal 2001. This 24% decline represented a drop of \$1,016,122 in royalties. Because of the higher royalty rate, changes in factors affecting the royalty calculation, whether positive or in this case negative, are magnified.

REPORT ON DRILLING AND GEOPHYSICAL WORK

The Trust's consultant in Germany has provided a translation and analysis of a report supplied by the operating companies outlining the drilling and seismic activity completed in 2001 and planned for 2002. As in 2001, there is no seismic field work planned for 2002. The operating companies have planned a continuing evaluation of previous seismic work including the application of newly developed filter techniques as part of this evaluation process. This laboratory work is necessary as it forms the basis for all decisions with respect to drilling as well as further seismic field work. It also contributes directly to the operating companies' high success rate in their drilling program as well as to the success in their efforts to maintain and extend the life of the reserves. As a result of the analysis of earlier 2-D seismic data, the operating companies have begun the process of obtaining permits to conduct 3-D seismic work in the Zwischenahn area. The 3-D seismic studies provide a much clearer picture of possible gas bearing zones for future development. The previous work on evaluating the development prospects of the very deep Carboniferous zone, which falls into the category of long term projects, continues with further seismic study required. However, in current drilling projects located outside the boundaries of the Oldenburg concession the operating companies hope to gain experience in multi-lateral and multi-reservoir horizontal wells at the extreme depths that will be required to

eventually exploit the gas reserves present in the Carboniferous zone within the Oldenburg concession.

The two wells that had been planned for 2001 were postponed until 2002 partially due to complex drilling problems that had to be resolved before drilling commenced. Drilling on the horizontal production well Doettingen Z-13a commenced in January, 2002 and will be completed some time in May or June with production scheduled to start in July. This well is scheduled to be followed by a second horizontal production well Hemmelte Z-8a that is planned to enter production before the end of 2002. Current plans continue with the scheduled start and completion of horizontal production well Goldenstedt Z-12a in 2003.

In addition to the ongoing drilling operations, the operating companies are continuing with various plans and operations to ensure a steady production of gas from the Oldenburg concession. Preparation work on three future drilling projects, Kneheim Z-5, Sage Z-4 and Doettingen-Ost Z-2, has been scheduled. Production wells Brinkholz Z-2 and Z-4 are scheduled to be equipped with a joint dehydration unit in July that will address continuing water problems and permit an increase in their production capacity. A short maintenance program for the Grossenkneten desulfurization plant is scheduled for the May-June period during which production will be reduced by one-third.

Finally, despite the lower distributions paid out during the first half of fiscal 2002 as compared to the prior year, the prospects for the remaining six months are good. Oil prices have climbed into the middle \$20 range and, while not as high as last year, should positively impact gas prices during the latter half of this fiscal year as compared to their impact during the first half.

Respectfully submitted,



John R. Van Kirk
Managing Director

May 14, 2002