North European Oil Royalty Trust

REPORT TO OWNERS
for the nine months ended July 31, 2005

NORTH EUROPEAN OIL ROYALTY TRUST

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CONDENSED INCOME STATEMENTS
(Cash Basis) (Unaudited)

	For the Three Months Ended July 31, 2005	For the Three Months Ended July 31, 2004	For the Nine Months Ended July 31, 2005	For the Nine Months Ended July 31, 2004
German royalties received	$5,419,524	$3,506,720	$16,906,627	$11,942,458
Interest income	20,056	5,250	35,874	16,597
Trust expenses	(219,905)	(160,069)	(750,317)	(614,352)
Net income on a cash basis	$5,219,675	$3,351,901	$16,192,184	$11,344,703
Net income per unit on a cash basis	$ .57	$ .38	$1.77	$1.27
Dividends and distributions per unit paid to formerly unlocated shareholders	$ .00	$ .01	$ .00	$ .01
Cash distributions declared per unit	$ .57	$ .37	$1.80	$1.26
Units outstanding	9,168,192	8,933,310	9,168,192	8,933,310

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.

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, 2005, represents your proportionate share of the Trust net income. For the third quarter of fiscal 2005, Trust net income increased by 55.7% to $5,219,675, which permitted a distribution of 57 cents per unit compared to the distribution of 37 cents for the prior year's period. The current distribution is being paid on August 31, 2005 to holders of record as of August 12, 2005.

The amount of the distribution per unit was affected by an increase in the number of units outstanding. This increase, a 2.6% dilution, resulted from the final distribution of 234,681 Trust units to the States of Delaware and New York prior to June 30, 2005. This distribution continued the implementation of the February 26, 1996 Chancery Court Order concerning previously unlocated holders of shares of the Trust's predecessor corporations. Pursuant to the Chancery Court Order and as of June 30, 2005, the Trust has no further obligation to make payments of dividends or distributions attributable to unexchanged Corporation or Company shares. There is one claim, instituted prior to the June 30, 2005 expiration date, that continues to be processed. If successfully concluded, this claim would require the issuance of 6,300 Trust units and the payment of approximately $293,500 in dividend and distribution arrearages. Including these 6,300 units, there remain 22,398 units that could be issued to unlocated or unknown Corporation and Company shareholders. If these units remain unclaimed, the final units will be escheated in April 2006 as part of the Trust's ongoing escheat efforts.

For the nine month fiscal period, net Trust income was $16,192,184, an increase of 42.7% from the prior year's period. Cumulative distributions for the nine month period are $1.80 per unit compared to $1.26 paid during the same period last year. Net income per unit for the same nine month period increased to $1.77 per unit compared to $1.27 per unit. This income was primarily derived from royalties paid on sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the fourth calendar quarter of 2004 through the second calendar quarter of 2005.

The primary factors affecting royalty revenue for the quarter just ended were the increase in gas sales and prices under both the higher royalty rate agreement covering western Oldenburg and the lower royalty rate agreement covering the entire Oldenburg concession. The increase in the average dollar value of the Euro was nominal.

The higher royalty rate agreement between the Trust and the German subsidiary of ExxonMobil covers western Oldenburg and provides the Trust with the bulk of its royalties. Under this agreement average gas prices for the quarter increased 30.7% from the equivalent quarter for the prior year. Gas prices increased from 1.1276 Euro cents per Kilowatt hour ("Ecents/Kwh") to 1.4738 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 $5.18 per Mcf compared to $3.90 per Mcf. This represents a 32.7% increase from the prior year.

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 average gas prices for the quarter increased 28.3% from the equivalent quarter for the prior year. Gas prices rose from 1.1858 Ecents/Kwh to 1.5216 Ecents/Kwh compared to the prior year. 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 $5.25 per Mcf. This represents a 30.2% increase from the prior year.

During the quarter just ended, overall Oldenburg gas sales increased by 8.7% from 38.56 billion cubic feet ("Bcf") to 41.91 Bcf. Gas sales from the higher royalty rate area of western Oldenburg increased 20.9% from 15.16 Bcf to 18.33 Bcf. At this level, gas sales from western Oldenburg accounted for 43.7% of total Oldenburg gas sales.

So far during fiscal 2005 the Euro has shown a steady decline from its high during the first quarter with the most significant fall-off occurring in the third quarter. For the quarter just ended the average value for the Euro based on all royalties transferred to the United States was $1.2259. This average value was 7.2% lower than the average value of $1.3213 posted in the first quarter of fiscal 2005. The lower value of the Euro has the immediate impact of decreasing the amount of dollars received at the time of the transfer of royalties from Germany. However, because of the use of light heating oil as a pricing factor in the gas sales contracts, the lower value of the Euro also works to increase the price of gas within Germany by making imported oil prices in dollars more expensive.

If we discount 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 43.7% of all gas sales. However, royalties on these gas sales provided 84.8% or $3,745,146 out of a total of $4,414,543 in Oldenburg royalties.

Respectfully submitted,

John R. Van Kirk
Managing Director

August 17, 2005