

REFINITIV

DELTA REPORT

10-Q

NRT - NORTH EUROPEAN OIL ROYALT

10-Q - APRIL 30, 2024 COMPARED TO 10-Q - JANUARY 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	218
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 CHANGES	39
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 DELETIONS	85
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 ADDITIONS	94
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Gas, sulfur and oil royalties received \$424,910 2,232,767 \$9,765,883 9,760,018 Interest income 7,460 16,333
22,923 57,417 **Trust Income** \$432,370 2,249,100 \$9,788,806 9,817,435 Non-related party Operating expenses (251,333) (213,679)
(251,189) (310,141) Related party expenses (Note 3) (1,952) (1,522) (1,603) (2,728) **Trust Expenses** (253,285) (215,201)
(252,792) (312,869) **Net Income** \$179,085 2,033,899 \$9,536,014 9,504,566 Net income per
unit \$0.02 0.22 \$1.04 1.03 Distributions per unit paid or to be paid to unit owners \$0.05 0.20 \$1.00 1.05

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

STATEMENTS OF UNDISTRIBUTED EARNINGS (NOTE 1)
FOR THE THREE MONTHS ENDED JANUARY 31, 2024 AND 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$795,201	\$392,420
Net income	<u>179,085</u>	<u>9,536,014</u>
	974,286	9,928,434
Less:		
Current year distributions paid or to be paid to unit owners	<u>459,529</u>	<u>9,190,590</u>
Balance, end of period	<u>\$514,757</u>	<u>\$737,844</u>

STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID (NOTE 1)
FOR THE SIX MONTHS ENDED APRIL 30, 2024 AND 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>
Gas, sulfur and oil royalties received	\$2,657,677	\$19,525,901
Interest income	<u>23,793</u>	<u>80,340</u>
Trust Income	<u>\$2,681,470</u>	<u>\$19,606,241</u>
Operating expenses	(465,012)	(561,330)
Related party expenses (Note 3)	<u>(3,474)</u>	<u>(4,331)</u>
Trust Expenses	<u>(468,486)</u>	<u>(565,661)</u>
Net Income	<u>\$2,212,984</u>	<u>\$19,040,580</u>

Net income per unit	<u>\$0.24</u>	<u>\$2.07</u>
Distributions per unit paid or to be paid to unit owners	<u>\$0.25</u>	<u>\$2.05</u>

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

STATEMENTS OF CHANGES IN CASH AND CASH EQUIVALENTS (NOTE 1)
FOR THE THREE MONTHS ENDED JANUARY 31, 2024 AND 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>
Sources of Cash and Cash Equivalents:		
Gas, sulfur and oil royalties received	\$424,910	\$9,765,883
Interest income	<u>7,460</u>	<u>22,923</u>
	<u>432,370</u>	<u>9,788,806</u>
Uses of Cash and Cash Equivalents:		
Payment of Trust expenses	253,285	252,792
Distributions paid	<u>0</u>	<u>6,801,037</u>
	<u>253,285</u>	<u>7,053,829</u>
Net increase (decrease) in cash and cash equivalents during the period	179,085	2,734,977
Cash and cash equivalents, beginning of period	<u>795,201</u>	<u>7,193,457</u>
Cash and cash equivalents, end of period	<u>\$974,286</u>	<u>\$9,928,434</u>

STATEMENTS OF UNDISTRIBUTED EARNINGS (NOTE 1)
FOR THE SIX MONTHS ENDED APRIL 30, 2024 AND 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$795,201	\$392,420
Net income	<u>2,212,984</u>	<u>19,040,580</u>
	3,008,185	19,433,000
Less:		
Current year distributions paid or to be paid to unit owners	<u>2,297,647</u>	<u>18,840,710</u>

Balance, end of period	<u>\$710,538</u>	<u>\$592,290</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN CASH AND CASH EQUIVALENTS (NOTE 1)
FOR THE SIX MONTHS ENDED APRIL 30, 2024 AND 2023
(Unaudited).

	<u>2024</u>	<u>2023</u>
Sources of Cash and Cash Equivalents:		
Gas, sulfur and oil royalties received	\$2,657,677	\$19,525,901
Interest income	<u>23,793</u>	<u>80,340</u>
	<u>2,681,470</u>	<u>19,606,241</u>
Uses of Cash and Cash Equivalents:		
Payment of Trust expenses	468,486	565,661
Distributions paid	<u>459,529</u>	<u>15,991,627</u>
	<u>928,015</u>	<u>16,557,288</u>
Net increase (decrease) in cash and cash equivalents during the period	1,753,455	3,048,953
Cash and cash equivalents, beginning of period	<u>795,201</u>	<u>7,193,457</u>
Cash and cash equivalents, end of period	<u>\$2,548,656</u>	<u>\$10,242,410</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 **Securities and Exchange Commission, 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, 2023 (the "2023 Form 10-K"). The Statements of Assets, Liabilities and Trust Corpus included herein contain information from the Trust's 2023 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 **January 31, 2024** **April 30, 2024**, the uninsured amount held in the Trust's U.S. bank accounts was **\$711,244**, **\$2,285,835**. In addition, the Trust held Euros 12,000, the equivalent of **\$13,042**, **\$12,821**, in its German bank account at **January 31, 2024** **April 30, 2024**.

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 **January 31, 2024** **April 30, 2024** and 2023, 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.

(3) Related party transactions:

John R. Van Kirk, the Managing Director of the Trust, is reimbursed by the Trust for office expenses at cost. For such office expenses, the Trust reimbursed the Managing Director \$1,952 \$1,522 and \$1,603 \$2,728 in the second quarter of fiscal 2024 and 2023, respectively. For such office expenses, the Trust reimbursed the Managing Director \$3,474 and \$4,331 in the first quarter six months of fiscal 2024 and 2023, 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 for the 2024 and 2023 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 the funds available on hand after provision is made for anticipated Trust expenses.

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 or leases in the Federal Republic of Germany. The actual concession or leases are held either by Mobil Erdgas-Erdol GmbH ("Mobil Erdgas"), a German operating subsidiary of the ExxonMobil Corporation ("ExxonMobil"), or by Oldenburgische Erdolgesellschaft ("OEG"). As a result of direct and indirect ownership, ExxonMobil owns two-thirds of OEG and the Royal Dutch/Shell Group of Companies owns one-third of OEG. BEB Erdgas und Erdol GmbH ("BEB"), a joint venture in which ExxonMobil and the Royal Dutch/Shell Group each own 50%, administers the concession held by OEG. The Oldenburg concession is the primary area from which the natural gas, sulfur and oil are extracted and currently provides 100% of all the royalties received by the Trust. The Oldenburg concession, at approximately 1,386,000 acres, covers virtually the entire former Grand Duchy of Oldenburg and is located in the German federal state of Lower Saxony. None of the leases are active or productive.

In 2002, Mobil Erdgas and BEB Erdgas und Erdol GmbH, ("BEB") formed a company, ExxonMobil Production Deutschland GmbH ("EMPG"), to carry out all exploration, drilling and production activities. All sales activities are still handled by the operating companies, either Mobil Erdgas or BEB.

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 82% 95% of the cumulative royalty income received in fiscal 2024. The amount of royalties paid to the Trust is primarily based on 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 of each year, 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 the prior quarter 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 and have completed their examination for 2021 and 2022. This examination disclosed some minor corrections which have been were paid in the first quarter of fiscal 2024 or will be paid in the second quarter of fiscal 2024.

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 very minor 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. With full operation of the plant, raw gas input capacity stands at approximately 200 million cubic feet following Following the retirement of one of the two remaining units during the summer of 2023. It is expected 2023, raw gas input capacity stands at approximately 200 million cubic feet. The Trust's German consultant has stated that he expects the single unit will be sufficient to handle sour gas production through-put from the concession. It is also expected concession and that operating expenses in the future will be somewhat reduced by this measure. Since sour gas accounts for 71% of overall gas sales and 97% of western gas sales, any future shutdown could significantly impact royalty income. The Trust has insufficient data to predict whether, when, and to what extent any future shutdown may occur.

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 98% approximately 99% of the cumulative royalty income received under this agreement in fiscal 2024. Historically, the Trust has received significantly greater royalty payments under the Mobil Agreement, as compared to the OEG Agreement described below, due to the higher royalty rate specified by that agreement. the Mobil Agreement.

The Trust is also entitled under the an agreement with Mobil Sulfur Agreement 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. 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. This base price is adjusted annually by an inflation index. In the first six months of fiscal quarter of 2024, the Trust received \$68,205 in sulfur royalties under the Mobil Sulfur Agreement from a combination of previous quarters and corrections uncovered during the royalty examination process. In the first quarter six months of fiscal 2023, the Trust

received no \$0 in sulfur royalties under this agreement because prices were below the adjusted base price under this agreement. 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 (removed during the processing of sour gas) 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 royalty royalties to be paid to the Trust.

In 2016, the The Mobil and OEG Agreements were as amended establishing established a new base for the determination of gas prices upon which the Trust's royalties are calculated. This change reflects a shift to the prices calculated for the German Border Import gas Price ("GBIP"). The average GBIP used under the Mobil and OEG Royalty Agreements has been and will continue to be is increased by 1% and 3%, respectively, for the royalty calculations. This change was intended to reduce reduces the scope and cost of the accounting examination, eliminate eliminates ongoing disputes with OEG and Mobil regarding sales to related parties, and reduce reduces prior year adjustments to the normally scheduled year-end reconciliation. The pricing basis has eliminated certain costs (transportation and plant gas storage), that were previously deductible deducted prior to the royalty calculation under the OEG Agreement.

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 Trust's bank account in 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.

The Trust's consultant in Germany provides general information to the Trust on the German and European economies and energy markets as well as monitoring the continuing impact of the war in Ukraine and ongoing efforts by the European governments to respond to the economic impacts of the war. This information provides a context in which to evaluate the actions of the operating companies. The Trust's consultant receives reports from EMPG with respect to current and planned drilling and exploration efforts. For the time being, EMPG has not scheduled any new gas well drilling through 2024. EMPG and the operating companies continue to limit the information flow to that which is required by German law, and the Trust is not able to confirm the accuracy of any of the information supplied by EMPG or the operating companies.

The Trust had previously disclosed that to the best of its knowledge the Farm-In Agreement between Vermilion Energy Inc. ("Vermilion") and Mobil Erdgas and BEB had expired due to Vermilion's failure to meet its drilling commitments within the Oldenburg Concession. Due In the middle of 2022, Vermilion gave back to EMPG the efforts operatorship for exploration of the Trust's consultant in Germany, the Trust was informed by EMPG that Vermilion's drilling obligation in the Oldenburg area has been halted for the time being due to difficulties obtaining the required permits, and that Vermilion may or may not mature other prospects in the central and three northern parts areas of the Oldenburg Concession in concession thus surrendering any exploration and drilling rights within the future but, to the Trust's knowledge, no efforts are proceeding at this time. concession.

Results: First Second Quarter of Fiscal 2024 versus First Second Quarter of Fiscal 2023

Total royalty income received during the first second quarter of fiscal 2024 was derived from sales of gas, sulfur and oil from based upon actual royalties received by the Trust's overriding royalty areas in Germany Trust during the fourth calendar quarter of 2023. The first fiscal quarter. A distribution of \$0.05 \$0.20 per unit was paid on February 28, 2024 May 29, 2024 to owners of record as of February 16, 2024 May 17, 2024. Comparisons of total royalty income received and net income for the first second quarter of fiscal 2024 and 2023 are shown below.

	<u>1st Fiscal</u> <u>Quarter Ended</u> <u>1/31/2024</u>	<u>1st Fiscal</u> <u>Quarter Ended</u> <u>1/31/2023</u>	<u>Percentage</u> <u>Change</u>	<u>2nd Fiscal</u> <u>Quarter Ended</u> <u>4/30/2024</u>	<u>2nd Fiscal</u> <u>Quarter Ended</u> <u>4/30/2023</u>	<u>Percentage</u> <u>Change</u>
Total Royalty Income	\$424,910	\$9,765,883	-95.6%	\$2,232,767	\$9,760,018	-77.1%
Net Income	\$179,085	\$9,536,014	-98.1%	\$2,033,899	\$9,504,566	-78.6%
Distributions per Unit	\$0.05	\$1.00	-95.0%			
Distribution per Unit				\$0.20	\$1.05	-81.0%

Following a steady decline The decrease in gas prices starting with total royalty income for the second quarter of fiscal 2024 in comparison to the second quarter of fiscal 2023 and resulted from the need to offset a series of overpayments by royalty payments based on the operating companies, substantially higher gas prices applicable to experienced during the royalty calculations for the first fiscal quarter of fiscal 2024 seem to have stabilized. The bulk of the overpayments from 2023 have largely been offset and will be fully offset with OEG's scheduled royalty payment in mid-February.

2023. Total royalty income often includes can potentially include positive and and/or negative adjustments that the operators made during the quarter based upon their corrected royalty calculations for the prior periods, as well as the inclusion of Mobil sulfur royalties. In the first second quarter of fiscal 2024, total royalty income was reduced by prior period adjustments totaling Euros 1,988,530 but was increased by a negative carryover under the OEG royalty agreement of \$214,362 and Mobil sulfur royalties of Euros 63,061. were \$0. In the first second quarter of fiscal 2023, total royalty income was not affected because there were no prior period adjustments and there were no Mobil sulfur royalties. royalties were \$0.

The Trust's monthly royalty payments are paid prospectively based on the amount of royalties payable to the Trust in the prior quarter. End of quarter royalty adjustments result from the need to align prospective royalty payments from the operating companies with actual royalties that should have been paid. When actual prices and volumes are reported, there will be a positive reconciliation in the current quarter or a negative reconciliation in the subsequent quarter. Following a prolonged decline in gas prices starting with the second quarter of fiscal 2023 and the need to offset a series of overpayments by the operating companies, gas prices applicable to the royalty calculations for the first quarter of fiscal 2024 have, as of this time, stabilized. The bulk of the overpayments from 2023 have largely been offset and will be fully offset with OEG's scheduled royalty payment in mid-February. The scheduled royalty payments in March and April 2024 will not be encumbered by negative carryover adjustments. Based on these factors, the Trustees anticipate a higher distribution in the second quarter of 2024 compared to the first quarter of fiscal 2024.

The following table below is intended to illustrate trends based on actual gas sales in each quarter. Gas royalties shown in the table below are determined based on the actual physical gas sales that occurred during the fourth first calendar quarters quarter of 2023 and 2022 2024 and the average German Border Import gas Price for the periods period of August November 2023 through October 2023 and 2022. No adjustments for prior periods are reflected in the gas royalties. January 2024.

	<u>4th Calendar</u> <u>Quarter Ended</u> <u>12/31/2023</u>	<u>4th Calendar</u> <u>Quarter Ended</u> <u>12/31/2022</u>	<u>Percentage</u> <u>Change</u>	<u>1st Calendar</u> <u>Quarter Ended</u> <u>3/31/2024</u>	<u>1st Calendar</u> <u>Quarter Ended</u> <u>3/31/2023</u>	<u>Percentage</u> <u>Change</u>
Mobil Agreement						
Gas Royalties Payable in Euros	Euros 1,420,221	Euros 5,695,101	-75.1%	Euros 1,539,250	Euros 3,591,399	-57.1%
OEG Agreement						
Gas Sales (Bcf)	11.085	12.881	-13.9%	10.870	12.242	-11.2%
Gas Prices (Ecents/Kwh)	3.9293	14.4469	-72.8%	4.2425	9.2846	-54.3%
Average Exchange Rates	0	1.0700	-100.0%			

Average Exchange Rate	1.0715	1.0698	+0.2%			
Gas Royalties Payable in Euros	Euros 654,224	Euros 3,345,957	-80.4%	Euros 698,774	Euros 1,997,453	-65.0%
Gas Prices (\$/Mcf)	\$0.00	\$43.12	-100.0%	\$12.70	\$27.72	-54.2%

Footnotes

1. Billion cubic feet
2. Gas prices derived from August-October November-January period
3. Euro cents per kilowatt hour
4. Based on average Euro/dollar exchange rates of cumulative royalty transfers
5. Dollars 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 first calendar quarter of fiscal 2024, ended March 31, 2024, gas sales from western Oldenburg accounted for only 29% 30% of all gas sales from the Oldenburg concession. However, due royalties on these gas sales provided approximately 83%, or \$1,807,980 out of \$2,183,248, in Oldenburg royalties attributable to the absence of any royalty payments under the OEG Agreement, gas royalties paid under the Mobil Agreement accounted for 100% of all gas royalties. gas.

Trust expenses for the first second quarter of fiscal 2024 were virtually unchanged increasing decreased 31.2%, or \$97,668, to \$253,285 \$215,201 from \$252,792 for \$312,869 in the first second quarter of fiscal 2023. The decrease in expenses reflects lower Trustee fees as specified by the Trust Agreement on the basis of royalty income paid to the Trust. Trust interest income received in the second quarter of fiscal 2024 decreased to \$16,333 in comparison to \$57,417 received in the second quarter of fiscal 2023 due to reduced funds available.

The current Statements Statement of Assets, Liabilities and Trust Corpus of the Trust at January 31, 2024 April 30, 2024, compared to that at fiscal year-end (October 31, 2023), shows an increase in assets due to higher royalty receipts during the second quarter of fiscal 2024.

Results: First Six Months of Fiscal 2024 versus First Six Months of Fiscal 2023

Total royalty income received during the first six months of fiscal 2024 decreased in comparison to the first six months of fiscal 2023 based on two factors: (1) gas prices under both the Mobil and the OEG Agreements in the first quarter of fiscal 2023 were significantly higher yielding higher royalty income; and (2) the prospective royalty payments received by the Trust in the second quarter of fiscal 2023 reflected these same higher gas prices. Comparisons of total royalty income received and net income for the first six months of fiscal 2024 and 2023 are shown below.

	<u>Six Months</u> Ended 4/30/2024	<u>Six Months</u> Ended 4/30/2023	<u>Percentage Change</u>
Total Royalty Income	\$2,657,677	\$19,525,901	-86.4%
Net Income	\$2,212,984	\$19,040,580	-88.4%
Distribution per Unit	\$0.25	\$2.05	-87.8%

Total royalty income can potentially include positive and/or negative adjustments that the operators made during the quarter based upon their corrected royalty calculations for the prior periods, as well as the inclusion of Mobil sulfur royalties.

During the first six months of fiscal 2024, total royalty income was reduced because there were prior period negative adjustments totaling Euros 1,988,530 but was increased by Mobil sulfur royalties of Euros 63,061. During the first six months of fiscal 2023, total royalty income was not affected because there were no prior period adjustments and Mobil sulfur royalties were \$0.

The following table is intended to illustrate trends based on actual gas sales in each quarter. Gas royalties for the first six months of fiscal 2024 are determined based on the actual physical gas sales that occurred during the fourth calendar quarter of 2023 and the first calendar quarter of 2024 and the average German Border Import gas Price for the period of August 2023 through January 2024.

Gas Data Providing Basis for Six-Month Fiscal Period Royalties

Mobil Agreement	Six Months Ended 3/31/2024	Six Months Ended 3/31/2023	Percentage Change							
Gas Sales (Bcf)	6.459	6.970	-7.3%	Gas Prices(Ecents/Kwh)	4.0068	11.6593	-65.6%	Average Exchange Rate	1.0763	1.0703 +0.6%
Gas Royalties	Euros 2,959,471	Euros 9,286,500	-68.1%							
Gas Prices (\$/Mcf)	\$12.33	\$35.65	-65.4%							
OEG Agreement										
Gas Sales (Bcf)	21.955	25.123	-12.6%							
Gas Prices (Ecents/Kwh)	4.0844	11.9309	-65.8%							
Average Exchange Rate	1.0715	1.0699	+0.1%							
Gas Royalties	Euros 1,352,998	Euros 5,343,410	-74.7%							
Gas Prices (\$/Mcf)	\$12.70	\$35.61	-64.3%							

For the six months ended 3/31/2024, gas sales from western Oldenburg accounted for only 29.4% of all gas sales from the Oldenburg concession. However, royalties on these gas sales provided approximately 85.2%, or \$2,158,380 out of \$2,533,648, of all royalties attributable to gas sales from the Oldenburg concession.

Trust expenses for the first six months of fiscal 2024 decreased 17.2%, or \$97,175, to \$468,486 from \$565,661 for the first six months of fiscal 2023. The decrease in expenses reflects the lower Trustee fees as specified by the Trust Agreement on the basis of royalty income paid to the Trust. Trust interest income received during the first six months of fiscal 2024 decreased to \$23,793 in comparison to \$80,340 received in the first six months of fiscal 2023 due to reduced funds available.

Report on Drilling and Geophysical Work

The Trust's German consultant has been in contact with representatives of ExxonMobil Production Gesellschaft ("EMPG") for technical discussions regarding EMPG's future drilling and geophysical work. The following is a summary of these discussions with some additional comments from the Trust's German consultant. The Trust is not able to confirm the accuracy of any of the information supplied by the operating companies. In addition, the operating companies are not obligated to take any of the actions outlined and, if they change their plans with respect to any such actions, they are not obligated to inform the Trust.

The Trust's German consultant advised the Trust that, in these discussions, EMPG has indicated that it will not be drilling any wells during 2024. EMPG will be performing numerous small workover jobs as part of their efforts to maintain production. Among them are three coiled tubing workovers for sand removal. Coiled tubing can be used to run down to the bottom of the well, to pump, and circulate fluids as part of the sand removal process. Gas production for 2023 was impacted significantly by the extended shutdown at Grossenkneten both for the retirement of one of the two remaining processing units and renovations to the last processing unit. The cost of this work was approximately Euros 50,000,000. The next major refurbishment of the desulfurization plant will be done in 2026 at which time we will gain a better understanding of the future limits of gas production.

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. All statements other than statements of historical fact are forward-looking. Such statements address future expectations and events or conditions concerning the Trust. You can identify many forward-looking statements by words such as "may," "will," "would," "should," "could," "expects," "aim," "anticipates," "believes," "estimates," "intends," "plan," "predict," "project," "seek," "potential," "opportunities" and other similar expressions and the negatives of such expressions. However, not all forward-looking statements contain these words. 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:

- the fact that the assets of the Trust are depleting assets and, if the operators developing the concession do not perform additional development projects, the assets may deplete faster than expected;
- 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
- political and economic uncertainty arising from geopolitical conflict, such as Russia's invasion of Ukraine.

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 is 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 January 31, 2024 April 30, 2024 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 January 31, 2024 April 30, 2024.

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 first second quarter of fiscal 2024 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.

(c) Insider Trading Arrangements None.

During the quarter ended January 31, 2024, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) and (c), respectively, of Regulation S-K).

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

February 29, May 31, 2024

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