SUPREME INDUSTRIES INC
Form 4
August 07, 2006

FORM 4

OMB APPROVAL

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HURTT WILLIAM C JR

(Last) (First) (Middle)

188 EAST BERGEN PLACE, STE 205

(Street)

RED BANK, NJ 07701

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SUPREME INDUSTRIES INC [STS]

3. Date of Earliest Transaction (Month/Day/Year)
08/04/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	08/04/2006		A		2,000	A	(1)	81,826	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Nonqualified Stock Option	$ 7.05							05/04/2007	05/04/2013	Class A Common	6,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HURTT WILLIAM C JR 188 EAST BERGEN PLACE, STE 205 RED BANK, NJ 07701	&ack 1pt solid; border-bottom: Black 1pt solid; padding-right: 0.5pt; padding-bottom: 10pt; padding-left: 0.5pt; line-height: 115%">Title of Class of Securities: Common Units			
2(e)	CUSIP Number: 849343108			
3	OppenheimerFunds, Inc. is an investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E).			
4(a)	Amount beneficially owned: See Item 9 on the cover page(s) hereto.			
4(b)	Percent of class: See Item 11 on the cover page(s) hereto.			
4(c)	Number of shares as to which the person has: (i) Sole power to vote or to direct the vote: See Item 5 on the cover page(s) hereto. (ii) Shared power to vote or to direct the vote: See Item 6 on the cover page(s) hereto. (iii) Sole power to dispose or to direct the disposition of: See Item 7 on the cover page(s) hereto. (iv) Shared power to dispose or to direct the disposition of: See Item 8 on the cover page(s) hereto.			
5	Ownership of Five Percent or Less of a Class: [ ]			

6 Ownership of More than Five Percent on Behalf of Another Person.:
Securities reported on this Schedule 13G as being beneficially owned by OppenheimerFunds, Inc., are held in the accounts of investment advisory clients (which may include investment companies registered under the Investment Company Act of 1940, employee benefit plans, pension funds and other institutional clients) advised by OppenheimerFunds, Inc., directly and through its subsidiaries.

7 Not applicable.
Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company:
Not applicable.

8 Identification and Classification of Members of the Group:
Not applicable.

9 Notice of Dissolution of Group:
Not applicable.

10 Certification:
By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

1/15/2019
Date

/s/ Mary Ann Picciotto
Signature

Mary Ann Picciotto, Sr. Vice President and Chief Compliance Officer
Name/Title

If you have questions please contact Judith Gottlieb at 212-323-4858 or by email at jgottlieb@ofiglobal.com

statistical information relating to production and sales necessarily involves extrapolations and projections. Both Davis Associates and the Trustees believe the use of the material available is appropriate and suitable for preparation of the cost depletion percentage and the estimates described in the Cost Depletion Report. Both the Trustees and Davis Associates believe this report and these estimates to be reasonable and appropriate but assume that these estimates may vary from statistical estimates which could be made if reservoir production information (of the kind normally available to producing companies in the United States) were available. The limited information available makes it inappropriate to make projections or estimates of proved or probable reserves of any category or class other than the estimated net proved producing reserves described in the Cost Depletion Report. Attachment A of the Cost Depletion Report shows a schedule of estimated net proved producing reserves of the Trust's royalty properties, computed as of October 1, 2012 and a five year schedule of gas, sulfur and oil sales for the twelve months ended September 30, 2012, 2011, 2010, 2009 and 2008 computed from quarterly sales reports of operating companies received by the Trust during such periods. - 14 - Item 3. Legal Proceedings. ----------------- The Trust is not a party to any pending legal proceedings. The previous litigation commenced by the Trust in Germany against the operating companies (See 2011 Annual Report on Form 10-K) was concluded after an adverse district court ruling in May 2012, from which the Trust, after consultation with its local counsel, determined not to appeal. - 15 - PART II Item 5. Market for the Registrant's Common Equity, Related Stockholder -- Matters and Issuer Purchases of Equity Securities. --- The Trust's units of beneficial interest are listed for trading on the New York Stock Exchange under the symbol NRT. Under the Trust Agreement, the Trustees distribute to unit owners, on a quarterly basis, the net royalty income after deducting expenses and reserving limited funds for anticipated administrative expenses. As of November 30, 2012, there were 946 unit owners of record. The following table presents the high and low closing prices for the quarterly periods ended in fiscal 2012 and 2011 as reported by the NYSE as well as the cash distributions paid to unit owners by quarter for the past two fiscal years. FISCAL YEAR 2012 ---------------- Low High Distribution Closing Closing per Quarter Ended Price Price Unit ------------- --------- --------- ------------ January 31, 2012 $30.31 $33.66 $0.66 April 30, 2012 $31.97 $33.19 $0.68 July 31, 2012 $27.25 $33.66 $0.61 October 31, 2012 $27.96 $31.65 $0.51 FISCAL YEAR 2011 ---------------- Low High Distribution Closing Closing per Quarter Ended Price Price Unit ------------- --------- --------- ------------ January 31, 2011 $28.35 $31.00 $0.55 April 30, 2011 $29.46 $31.76 $0.73 July 31, 2011 $30.49 $34.15 $0.71 October 31, 2011 $29.35 $34.00 $0.64 The quarterly distributions to unit owners represent their undivided interest in royalty payments from sales of gas, sulfur and oil during the previous quarter. Each unit owner is entitled to recover a portion of his or her investment in these royalty rights through a cost depletion percentage. The calculation of this cost depletion percentage is set forth in detail in Attachment B to the Cost Depletion Report attached as Exhibit 99.1 to this Form 10-K. - 16 - The Cost Depletion Report has been prepared by Davis Associates using the limited information described in Item 2 of this Report to which reference is made. The Trustees believe that the calculations and assumptions used in the Cost Depletion Report are reasonable according to the facts and circumstances of available information. The cost depletion percentage recommended by the Trust's independent petroleum and natural gas consultants for calendar 2012 is 9.9096%. Specific details relative to the Trust's income and expenses and cost depletion percentage as they apply to the calculation of taxable income for the 2011 calendar year are included on a special removable page in the 2012 Annual Report. Additionally, the tax reporting information for 2012 is available on the Trust's website, www.neort.com, in the section marked Tax Letters contained within the Tax Information section. The Trust does not maintain any compensation plans under which units are authorized for issuance. The Trust did not make any repurchases of Trust units during fiscal 2012, 2011 or 2010 and has never made such repurchases. - 17 - Item 6. Selected Financial Data. ----------------------- NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- SELECTED FINANCIAL DATA (CASH BASIS) ----------------------------------- FOR FIVE FISCAL YEARS ENDED OCTOBER 31, 2012 --- 2012 2011 2010 2009 2008 ----------- ----------- ----------- ----------- ----------- German gas, sulfur and oil royalties received $23,672,808 $25,148,523 $19,645,331 $28,724,078 $34,645,159 =========== =========== =========== =========== =========== Net Income $22,609,961 $24,195,907 $18,720,265 $27,699,228 $33,665,138 =========== =========== =========== =========== =========== Net Income per unit (a) $2.46 $2.63 $2.04 $3.01 $3.66 ===== ===== ===== ===== ===== Units of beneficial interest outstanding at end of year (a) 9,190,590 9,190,590 9,190,590 9,190,590 9,190,590 Distributions per unit paid or to be paid to unit owners $2.46 $2.63 $2.04 $3.01 $3.66 ===== ===== ===== ===== ===== Total assets at year end $4,778,200 $5,971,867 $5,211,966 $3,586,198 $9,524,530 ========== ========== ========== ========== ========== (a) Net income per unit was calculated based on the number of units outstanding at the end of the fiscal year. - 18 - Item 7. 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 of the funds on hand after provision is made for Trust expenses then anticipated. 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 are described in Item 2. Properties of this report. Of particular importance with respect to royalty income are the two royalty agreements, the Mobil Agreement and the OEG Agreement. The Mobil Agreement covers gas sales from the western part of the Oldenburg concession. Under the Mobil Agreement, the Trust has traditionally received the majority of its royalty income due to the higher royalty rate of 4%. The OEG Agreement covers gas sales from the entire Oldenburg concession but the royalty rate of 0.6667% is significantly lower and gas royalties have been correspondingly lower. 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 provides approximately 92% of the total royalties. 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. Effective with the Trust's third quarter of fiscal 2010, a new royalty payment schedule was fully implemented. At approximately the 25th of the months of

January, April, July and October, the operating companies calculate the amount of gas sold during the previous calendar quarter and determine the amount of royalties that were payable to the Trust based on those sales. This amount forms the basis for royalty payments for the Trust's upcoming fiscal quarter and for any adjustment for the prior calendar quarter. For example, on January 25th the operating companies calculate gas sales and attributable royalties payable for the months of October through December. This amount is divided into thirds and forms the monthly royalty payments (payable on the 15th of each month) to the Trust for its fiscal quarter running from February through April. Continuing in this example, at the same time that the operating companies determine the actual amount of royalties that were payable for the months of October through December, they look at the actual amount of royalties that were paid to the Trust during that same period and calculate the difference between what was paid and what was payable. Additional amounts payable by the operating companies would be paid immediately in January and any overpayment would be deducted from the February payment. The operating companies continue their calculations through the - 19 - calendar year. In September of each year, the operating companies make the final determination of any necessary royalty adjustments for the prior calendar year. The Trust's German accountants review the royalty calculations on a biennial basis. 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 no treatment before it can be sold. In recent years, sweet gas has assumed the role of swing producer. During periods of high demand, the production of sweet gas is increased as necessary. During the summer months, sweet gas production is reduced due to a general decline in demand. Sour gas, in comparison, sour gas must be processed at either the Grossenkneten or the Norddeutsche Erdgas-Aufbereitungs GmbH ("NEAG") desulfurization plants 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. For efficiency purposes, Grossenkneten is operated at capacity on a continual basis. Any excess production from the plants is stored in underground storage for higher demand periods. As needed, the operators conduct maintenance on the plants, generally during the summer months when demand is lower. Under the Mobil and OEG Agreements, the gas is sold to various distributors under long term contracts which delineate, among other provisions, the timing, manner, volume and price of the gas sold. The pricing mechanisms contained in these contracts include a delay factor of three to six months and use the price of light heating oil in Germany as one of the primary pricing components. Since Germany must import a large percentage of its energy requirements, the U.S. dollar price of oil on the international market has a significant impact on the price of light heating oil and a delayed impact on the price of gas. Additionally, there are efforts underway to decouple the linkage between oil prices and gas prices. Through 2010 based upon the royalty examination conducted by the Trust's accountants in Germany, the basic structure of the gas supply contracts had not changed and such decoupling, as of that point, had not occurred. The Trust itself does not have access to the specific sales contracts under which gas from the Oldenburg concession is sold. Working under a confidentiality agreement with the operating companies, the Trust's German accountants review these contracts periodically on behalf of the Trust to verify the correctness of application of the Agreement formulas for the computation of royalty payments. The Trust's accountants in Germany have concluded their examination of the operating companies for 2009 and 2010 and did not identify any material errors in royalty amounts payable. For unit owners, changes in the dollar value of the Euro have both an immediate and long-term impact. The immediate impact is from the exchange rate that is applied at the time the royalties, paid to the Trust in Euros, are converted into U.S. dollars at the time of their transfer from Germany to the United States. In relation to the dollar, a stronger Euro would yield more dollars and a weaker Euro would yield less dollars. The long-term impact relates to the mechanism of gas pricing contained in the gas sales contracts negotiated by the operating companies. These gas sales contracts often use the price of German light heating oil as one of the primary pricing factors by which the price of gas is determined. The price of German light heating oil, which is a refined product, is largely determined by the price of the imported crude oil from which it was refined. Oil on the international market is priced in dollars. However, when oil is imported into Germany it is purchased in Euros, and at this point the dollar value of the Euro becomes relevant. A weaker Euro would buy less oil making that oil and the subsequently refined light heating oil more expensive. A stronger Euro would - 20 - buy more oil making that oil and the subsequently refined light heating oil less expensive. Since changes in the price of German light heating oil are subsequently reflected in the price of gas through the gas sales contracts, the dollar/Euro relationship can make the prices of gas higher or lower. The changes in gas prices that result from changes in the prices of German light heating oil are only reflected after a built-in delay of three to six months as specified in the individual gas sales contracts.

Seasonal demand factors affect the income from the Trust's royalty rights insofar as they relate to energy demands and increases or decreases in prices, but on average they are generally not material to the annual income received under the Trust's royalty rights. The Trust has no means of ensuring continued income from overriding royalty rights at their present level or otherwise. The Trust's current consultant in Germany provides general information to the Trust on the German and European economies and energy markets. This information provides a context in which to evaluate the actions of the operating companies. In his position as consultant, he receives reports from the operating companies with respect to current and planned drilling and exploration efforts. However, the unified exploration and production venture, EMPG, which provides the reports to the Trust's consultant, continues to limit the information flow to that which is required by German law. The low level of administrative expenses of the Trust limits the effect of inflation on costs. Sustained price inflation would be reflected in sales prices, which with sales volumes form the basis on which the royalties paid to the Trust are computed. The impact of inflation or deflation on energy prices in Germany is delayed by the use in certain long- term gas sales contracts of a delay factor of three to six months prior to the application of any changes in light heating oil prices to gas prices. Results: Fiscal 2012 versus Fiscal 2011 -------------------------------------- For fiscal 2012, the Trust's gross royalty income decreased 5.87% to $23,672,808 from $25,148,523 in fiscal 2011. The decrease in royalty income is due to declines in gas sales and average exchange rates. The impact of these factors was reduced but not completely offset by the increase in gas prices. The decrease in the amount of royalty income resulted in the lower distributions. The total distribution for fiscal 2012 was $2.46 per unit compared to $2.63 per unit for fiscal 2011. As in prior years, the Trust receives adjustments from the operating companies based on their final calculations of royalties payable during the previous calendar year. In the fourth quarter of fiscal 2012, the prior year adjustment represented a negative impact of approximately $0.0189 per unit. In the fourth fiscal quarter of 2011, the Trust received only a nominal prior year adjustment. Under the Mobil Agreement, gas sales declined 13.62% to 37.539 Billion cubic feet ("Bcf") in fiscal 2012 from 43.456 Bcf in fiscal 2011. Since the Trust does not receive information about the decision making process of the operating companies, it is impossible to determine to what extent, if any, which factors may have impacted gas sales. According to the Trust's consultant in Germany, it is possible that the decline in gas production is due to the normal reduction in well pressure that is experienced over time which has not been fully offset by the addition of new wells and production capacity. - 21 - Quarterly and Yearly Gas Sales under the Mobil Agreement in Billion cubic feet -- Fiscal Quarter 2012 Gas Sales 2011 Gas Sales Percentage Change ------------- --------------- --------------- ---------------- First 9.749 11.707 -16.73% Second 9.632 11.057 -12.89% Third 9.140 10.671 -14.35% Fourth 9.018 10.021 -10.01% ------------- --------------- ---------------- ---------------- Fiscal Year Total 37.539 43.456 -13.62% Average prices for gas sold under the Mobil Agreement increased 10.61% to 2.7015 Ecents/kWh in fiscal 2012 from 2.4424 Ecents/kWh in fiscal 2011. Average Gas Prices under the Mobil Agreement in Euro cents per Kilowatt Hour -- Fiscal Quarter 2012 Gas Prices 2011 Gas Prices Percentage Change ------------- ---------------- ---------------- ---------------- First 2.8563 2.3753 +20.25% Second 2.8708 2.5087 +14.43% Third 2.6666 2.3838 +11.86% Fourth 2.3884 2.5102 - 4.85% ------------- ---------------- ---------------- ---------------- Fiscal Year Avg. 2.7015 2.4424 +10.61% Converting gas prices into more familiar terms, using the average exchange rate, yielded a price of $9.97 per Mcf, a 2.68% increase over fiscal 2011's average price of $9.71/Mcf. For fiscal 2012, royalties paid under the Mobil Agreement were transferred at an average Euro/dollar exchange rate of $1.2854, a decrease of 7.34% from the average Euro/dollar exchange rate of $1.3872 for fiscal 2011. Average Euro Exchange Rate under the Mobil Agreement --- 2012 Average 2011 Average Fiscal Quarter Euro Exchange Rate Euro Exchange Rate Percentage Change ------------- ----------------- ----------------- ---------------- First 1.3017 1.3431 - 3.08% Second 1.3024 1.3962 - 6.72% Third 1.2530 1.4091 -11.08% Fourth 1.2824 1.3938 - 7.99% ------------- ----------------- ----------------- ---------------- Fiscal Year Avg. 1.2854 1.3872 - 7.34% 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 fiscal 2012, gas sales from western Oldenburg accounted for only 35.26% of all gas sales. However, western Oldenburg gas royalties provided approximately 81.56% or $17,702,882 out of a total of $21,705,858 in overall Oldenburg gas royalties. Under the OEG Agreement, gas sales decreased

10.22% to 106.457 Bcf in fiscal 2012 from 118.577 Bcf in fiscal 2011. Since the Trust does not receive information about the decision making process of the operating - 22 - companies, it is impossible to determine to what extent, if any, which factors may have impacted gas sales. According to the Trust's consultant in Germany, it is possible that the decline in gas production is due to the normal reduction in well pressure that is experienced over time which has not been fully offset by the addition of new wells and production capacity. Quarterly and Yearly Gas Sales under the OEG Agreement in Billion cubic feet -- Fiscal Quarter 2012 Gas Sales 2011 Gas Sales Percentage Change ------------- --------------- --------------- ----------------- First 28.187 30.213 - 6.71% Second 26.104 30.098 -13.27% Third 26.254 29.595 -11.29% Fourth 25.912 28.671 - 9.62% ------------- --------------- --------------- ----------------- Fiscal Year Total 106.457 118.577 -10.22% Average gas prices for gas sold under the OEG Agreement increased 5.74% to 2.7900 Ecents/kWh in fiscal 2012 from 2.6386 Ecents/kWh in fiscal 2011. Average Gas Prices under the OEG Agreement in Euro cents per Kilowatt Hour -- Fiscal Quarter 2012 Gas Prices 2011 Gas Prices Percentage Change ------------- ---------------- ---------------- ----------------- First 2.9205 2.5404 +14.96% Second 3.0872 2.6826 +15.08% Third 2.5079 2.5379 - 1.18% Fourth 2.6346 2.7998 - 5.90% ------------- ---------------- ---------------- ----------------- Fiscal Year Avg. 2.7900 2.6386 + 5.74% Converting gas prices into more familiar terms, using the average exchange rate, yielded a price of $10.04/Mcf, a 1.95% decrease over fiscal 2011's average price of $10.24/Mcf. For fiscal 2012, royalties paid under the OEG Agreement were transferred at an average Euro/dollar exchange rate of $1.2854, a decrease of 7.49% from the average Euro/dollar exchange rate of $1.3894 for fiscal 2011. Average Euro Exchange Rate under the OEG Agreement -- 2012 Average 2011 Average Fiscal Quarter Euro Exchange Rate Euro Exchange Rate Percentage Change ------------- ----------------- ----------------- ----------------- First 1.3028 1.3436 - 3.04% Second 1.3019 1.3989 - 6.93% Third 1.2488 1.4148 -11.73% Fourth 1.2485 1.3929 - 7.78% ------------- ----------------- ----------------- ----------------- Fiscal Year Avg. 1.2854 1.3894 - 7.49% Reflecting a shift in May 2011 to royalty receipts being deposited in a Money Market account versus being used to purchase T-Bills, interest income for fiscal 2012 increased 53.07% to $40,156 as compared to $26,233 for fiscal 2011. Trust expenses increased 12.68% to $1,103,003 in fiscal 2012 from $978,849 in fiscal 2011 primarily due to the payment of final legal costs associated with the litigation in Germany and the final billing with respect to the biennial royalty examination for the years 2009 and 2010 by the Trust's German accountants. - 23- Results: Fiscal 2011 versus Fiscal 2010 -------------------------------------- For fiscal 2011, the Trust's gross royalty income increased 28.01% to $25,148,523 from $19,645,331 in fiscal 2010. The increase in royalty income was primarily the result of increases in gas prices under both royalty agreements. Increased gas sales under the OEG Agreement and increases in the average Euro/dollar exchange rates also positively impacted royalty income. A moderate decline in gas sales under the Mobil Agreement partially offset these positive factors. The total distribution for fiscal 2011 was $2.63 per unit compared to $2.04 per unit for fiscal 2010. As in prior years, the Trust receives adjustments from the operating companies based on their final calculations of royalties payable during the previous calendar year. As an adjustment for the prior calendar year, the Trust received the equivalent of $0.0473 per unit during fiscal 2010. The prior year adjustments for fiscal 2011 were negligible. Under the Mobil Agreement, gas sales declined 0.24% to 43.456 Bcf in fiscal 2011 from 43.561 Bcf in fiscal 2010. Since there was no maintenance conducted at the Grossenkneten desulfurization plant in the fourth quarter of fiscal 2011, sales were not impacted. This contrasts with the prior year which saw an 18 day shutdown of the plant for maintenance in the fourth quarter of fiscal 2010. Quarterly and Yearly Gas Sales under the Mobil Agreement in Billion cubic feet -- Fiscal Quarter 2011 Gas Sales 2010 Gas Sales Percentage Change ------------- --------------- --------------- ----------------- First 11.707 11.861 - 1.30% Second 11.057 11.331 - 2.42% Third 10.671 11.770 - 9.34% Fourth 10.021 8.599 +16.54% ------------- --------------- --------------- ----------------- Fiscal Year Total 43.456 43.561 - 0.24% Average prices for gas sold under the Mobil Agreement increased 27.88% to 2.4424 Eurocents per Kilowatt hour ("Ecents/kWh") in fiscal 2011 from 1.9099 Ecents/kWh in fiscal 2010. With the exception of a brief decline in the third quarter of fiscal 2011, the price of gas sold under the Mobil Agreement has increased each quarter since the first quarter of fiscal 2010. Average Gas Prices under the Mobil Agreement in Euro cents per Kilowatt Hour -- Fiscal Quarter 2011 Gas Prices 2010 Gas Prices Percentage Change ------------- --------------- ---------------- ----------------- First 2.3753 1.6491 +44.04% Second 2.5087 1.9035 +31.79% Third 2.3838 1.9666 +21.21% Fourth 2.5102 2.2021 +13.99% ------------- ----------------

---------------- ---------------- Fiscal Year Avg. 2.4424 1.9099 +27.88% Converting gas prices into more familiar terms, using the average exchange rate, yielded a price of $9.71 per thousand cubic feet ("Mcf"), a 31.75% increase over fiscal 2010's average price of $7.37/Mcf. For fiscal 2011, total royalties paid under the Mobil Agreement were transferred at an - 24 - average Euro/dollar exchange rate of $1.3872, an increase of 3.36% from the average Euro/dollar exchange rate of $1.3421 for fiscal 2010. Average Euro Exchange Rate under the Mobil Agreement -- 2011 Average 2010 Average Fiscal Quarter Euro Exchange Rate Euro Exchange Rate Percentage Change ------------- ----------------- ----------------- ----------------- First 1.3431 1.4499 - 7.37% Second 1.3962 1.3586 + 2.77% Third 1.4091 1.2522 +12.53% Fourth 1.3938 1.3262 + 5.10% ------------- ----------------- ----------------- ----------------- Fiscal Year Avg. 1.3872 1.3421 + 3.36% 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 fiscal 2011, gas sales from western Oldenburg accounted for only 36.65% of all gas sales. However, western Oldenburg gas royalties provided approximately 80.69% or $19,318,494 out of a total of $23,941,457 in overall Oldenburg gas royalties. Under the OEG Agreement, gas sales increased 4.08% to 118.577 Bcf in fiscal 2011 from 113.924 Bcf in fiscal 2010. The increase in gas sales was likely the result of ongoing drilling in eastern Oldenburg and the lack of maintenance at the Grossenkneten desulfurization plant. The customary six week biennial shutdown of the Grossenkneten desulfurization plant took place during fiscal 2010. Quarterly and Yearly Gas Sales under the OEG Agreement in Billion cubic feet -- Fiscal Quarter 2011 Gas Sales 2010 Gas Sales Percentage Change -------------- --------------- --------------- ----------------- First 30.213 30.616 - 1.32% Second 30.098 30.083 + 0.05% Third 29.595 30.131 - 1.78% Fourth 28.671 23.094 +24.15% ------------- --------------- --------------- ----------------- Fiscal Year Total 118.577 113.924 + 4.08% Average gas prices for gas sold under the OEG Agreement increased 25.67% to 2.6386 Ecents/kWh in fiscal 2011 from 2.0996 Ecents/kWh in fiscal 2010. With the exception of a brief decline in the third quarter of fiscal 2011, the price of gas sold under the OEG Agreement has increased each quarter since the first quarter of fiscal 2010. Average Gas Prices under the OEG Agreement in Euro cents per Kilowatt Hour -- Fiscal Quarter 2011 Gas Prices 2010 Gas Prices Percentage Change ------------- ---------------- ---------------- ----------------- First 2.5404 1.9151 +32.65% Second 2.6826 2.0857 +28.62% Third 2.5379 2.1186 +19.79% Fourth 2.7998 2.3395 +19.68% ------------- ----------------- ---------------- ----------------- Fiscal Year Avg. 2.6386 2.0996 +25.67% - 25- Converting gas prices into more familiar terms, using the average exchange rate, yielded a price of $10.24/Mcf, a 29.95% increase over fiscal 2010's average price of $7.88/Mcf. For fiscal 2011, total royalties paid under the OEG Agreement were transferred at an average Euro/dollar exchange rate of $1.3894, an increase of 3.08% from the average Euro/dollar exchange rate of $1.3479 for fiscal 2010. Average Euro Exchange Rate under the OEG Agreement -- 2011 Average 2010 Average Fiscal Quarter Euro Exchange Rate Euro Exchange Rate Percentage Change ------------- ----------------- ----------------- ----------------- First 1.3436 1.4405 - 6.73% Second 1.3989 1.3403 + 4.37% Third 1.4148 1.2596 +12.32% Fourth 1.3929 1.3305 + 4.69% ------------- ----------------- ----------------- ----------------- Fiscal Year Avg. 1.3894 1.3479 + 3.08% Reflecting both the increase in funds available for short-term investment and the shift to a money market account from T-bills and CD's, interest income for fiscal 2011 increased to $26,233 from $7,359 for fiscal 2010. Trust expenses increased 4.98% to $978,849 in fiscal 2011 from $932,425 in fiscal 2010, primarily due to higher Trustees' fees, which are determined based on a percentage allocation specified in accordance with the provisions of the Trust Agreement. Report on Exploration and Drilling --------------------------------- The Trust's German consultant meets periodically with representatives of the operating companies to inquire about their planned and proposed drilling and geophysical work and other general matters. The following represents a summary of the Trust's German consultant's conversation with representatives of EMPG. The Trust is not able to confirm the accuracy of any of these responses. In addition, the operating companies are not required 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. Brettdorf Z-2b, a sour gas well, was the only well completed in 2011 but due to an unstabilized low flow rate has not entered production. Visbek Z-8a, also a sour gas well, completed drilling in December 2011. The initial production began in early 2012 with a stabilized low flow rate. Plans to improve the flow rate on both these wells are being considered and may be conducted in early 2013. Of the five wells initially planned for 2012, two have entered production, two are in their final stages and one (Oythe Z-4, the seventh well in the Carboniferous Tight Gas Program) has been postponed until 2014. Goldenstedt Z-21 and Visbek Z-16a, both sour gas wells, were successfully completed and have entered production. Goldenstedt Z-25 is another sour gas well and as of mid-November had reached the top of the Zechstein formation. These three wells are all infill wells, which means they are intended to access areas within a gas field that are not tapped by existing wells and thus improve the gas recovery factor in the Zechstein reservoir. The final well that began drilling in 2012 is Goldenstedt Z-15a. This - 26- well is intended to serve two purposes. The primary purpose is to serve as an infill well and improve the gas recovery factor in this area of the reservoir. This portion of the well was designated as Goldenstedt Z-15a/3rd hole. As part of the drilling process, the depth of the well was increased by an additional 1,000 meters from the bottom of the Zechstein formation to penetrate the Carboniferous zone which lies beneath. This portion of the well was designated as Goldenstedt Z-15a (K) and was intended to explore reservoir conditions in the Carboniferous zone and delineate the gas bearing strata in this area. Test results are not yet in for the Carboniferous zone but the well has been completed as a sour gas producer in the Zechstein formation and should enter production in the near future. There are currently two wells scheduled to begin drilling in 2013, Hemmelte NW T-1 and Goldenstedt Z-34. Regarding Goldenstedt Z-34, very little information is available other than the fact it is intended to access the Zechstein zone in eastern Oldenburg with drilling scheduled to start in July 2013. Hemmelte NW T-1 is a wildcat well in western Oldenburg intended to access the sweet gas Bunter formation. Construction of the well site is complete but geological and technical planning is still underway. The start of drilling is scheduled for November 2013. Including Oythe Z-4, which was postponed from 2012, there are a total of six wells, four Carboniferous and two Zechstein, still in the portfolio for the period beyond 2013. Critical Accounting Policies --------------------------- The financial statements, appearing subsequently in this Report, present financial statement balances and financial results 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"). Cash basis accounting is an accepted accounting method for royalty trusts such as the Trust. GAAP basis financial statements disclose income as earned and expenses as incurred, without regard to receipts or payments. The use of GAAP would require the Trust to accrue for expected royalty payments. This is exceedingly difficult since the Trust has very limited information on such payments until they are received and cannot accurately project such amounts. The Trust's cash basis financial statements disclose revenue when cash is received and expenses when cash is paid. The one modification of the cash basis of accounting is that the Trust accrues 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 provides a more meaningful presentation to unit owners of the results of operations of the Trust and presents to the unit owners a more accurate calculation of income and expenses for tax reporting purposes. Off-Balance Sheet Arrangements ----------------------------- The Trust has no off-balance sheet arrangements. - 27- Contractual Obligations ---------------------- As shown below, the Trust had no contractual obligations as of October 31, 2012 other than the distribution announced on October 31, 2012 and payable to unit owners on November 28, 2012, as reflected in the statement of assets, liabilities and trust corpus. Payments Due by Period --------------------- Less than 1-3 3-5 More than Total 1 Year Years Years 5 Years ------------- ------------ ------- ------- --------- Distributions payable to unit owners $4,687,200 $4,687,200 $0 $0 $0 --------------------------------- This Report on Form 10-K may contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements address future expectations and events or conditions concerning 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: - 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 - the risk factors set forth above under Item 1A of this Report. 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. - 28 - Item 7A. Quantitative and Qualitative Disclosures about Market Risk. --- The Trust does not engage in any trading activities with respect to possible foreign exchange fluctuations. The Trust does not use any financial instruments to hedge against possible risks related to foreign exchange fluctuations. The market risk is negligible because standing instructions at the Trust's German bank require the bank to process conversions and transfers of royalty payments as soon as possible following their receipt. The Trust does not engage in any trading activities with respect to commodity price fluctuations. - 29 - Item 8. Financial Statements and Supplementary Data. --- NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- INDEX TO FINANCIAL STATEMENTS ----------------------------- Page Number ----------- Report of Independent Registered Public Accounting Firm F-1 Financial Statements: Statements of Assets, Liabilities and Trust Corpus as of October 31, 2012 and 2011 F-2 Statements of Revenue Collected and Expenses Paid for the Fiscal Years Ended October 31, 2012, 2011 and 2010 F-3 Statements of Undistributed Earnings for the Fiscal Years Ended October 31, 2012, 2011 and 2010 F-4 Statements of Changes in Cash and Cash Equivalents for the Fiscal Years Ended October 31, 2012, 2011 and 2010 F-5 Notes to Financial Statements F-6 - F-9 - 30 - Report of Independent Registered Public Accounting Firm To the Board of Trustees and Unit Owners of North European Oil Royalty Trust We have audited the accompanying statements of assets, liabilities and trust corpus of North European Oil Royalty Trust (the "Trust") as of October 31, 2012 and 2011, and the related statements of revenue collected and expenses paid, undistributed earnings, and changes in cash and cash equivalents for each of the years in the three-year period ended October 31, 2012. The Trust's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. As described in Note 1, these financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and trust corpus of the Trust as of October 31, 2012 and 2011, its revenue collected and expenses paid, its undistributed earnings, and changes in its cash and cash equivalents for each of the years in the three-year period ended October 31, 2012, on the basis of accounting described in Note 1. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Trust's internal control over financial reporting as of October 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 28, 2012 expressed an unqualified opinion. /s/ WeiserMazars LLP New York, NY December 28, 2012 F-1 - 31 - NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS (NOTE 1) -- OCTOBER 31, 2012 AND 2011 ------------------------- ASSETS 2012 2011 ------ ------------ ------------ Current Assets -- Cash and cash equivalents $4,778,199 $5,971,866 Producing gas and oil royalty rights, net of amortization (Notes 1 and 2) 1 1 ------------ ------------ Total Assets $4,778,200 $5,971,867 ============ ============ LIABILITIES AND TRUST CORPUS --------------------------- Current liabilities -- Distributions to be paid to unit owners, paid November 2012 and 2011 $4,687,200 $5,881,977 Trust corpus (Notes 1 and 2) 1 1 Undistributed earnings 90,999 89,889 ------------ ------------ Total Liabilities and Trust Corpus $4,778,200 $5,971,867 ============ ============ The accompanying notes are an integral part of these financial statements. F-2 - 32 - NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- STATEMENTS OF REVENUE COLLECTED AND EXPENSES PAID (NOTE 1) --- FOR THE FISCAL YEARS ENDED OCTOBER 31, 2012, 2011 AND 2010 --- 2012 2011 2010 ------------ ------------ ------------ German gas, sulfur and oil royalties received $23,672,808 $25,148,523 $19,645,331 Interest income 40,156 26,233 7,359 ------------ ------------ ------------ Trust Income 23,712,964 25,174,756 19,652,690 ------------ ------------ ------------ Non-related party expenses (982,700) (872,233) (810,681) Related party expenses (120,303) (106,616) (121,744)

------------ ------------ ------------ Trust expenses (1,103,003) (978,849) (932,425) ------------ ------------ ------------ Net income $22,609,961 $24,195,907 $18,720,265 ============ ============ ============ Net income per unit $2.46 $2.63 $2.04 ======= ======= ======= Distributions per unit paid or to be paid to unit owners $2.46 $2.63 $2.04 ======= ======= ======= The accompanying notes are an integral part of these financial statements. F-3 - 33 - NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- STATEMENTS OF UNDISTRIBUTED EARNINGS (NOTE 1) --- FOR THE FISCAL YEARS ENDED OCTOBER 31, 2012, 2011 AND 2010 -- 2012 2011 2010 ------------ ------------ ------------ Balance, beginning of year $ 89,889 $ 65,234 $ 93,773 Net income 22,609,961 24,195,907 18,720,265 ----------- ----------- ------------ 22,699,850 24,261,141 18,814,038 Less: Current year distributions paid or to be paid to unit owners 22,608,851 24,171,252 18,748,804 ----------- ----------- ------------ Balance, end of year $ 90,999 $ 89,889 $ 65,234 ============ ============ ============ The accompanying notes are an integral part of these financial statements. F-4 - 34 - NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- STATEMENTS OF CHANGES IN CASH AND CASH EQUIVALENTS (NOTE 1) -- FOR THE FISCAL YEARS ENDED OCTOBER 31, 2012, 2011 AND 2010 -- 2012 2011 2010 ------------ ------------ ------------ Sources of cash and cash equivalents: German gas, sulfur and oil royalties received $23,672,808 $25,148,523 $19,645,331 Interest income 40,156 26,233 7,359 ------------ ------------ ------------ 23,712,964 25,174,756 19,652,690 ------------ ------------ ------------ Uses of cash and cash equivalents: Payment of Trust expenses 1,103,003 978,849 932,425 Distributions paid 23,803,628 23,436,006 17,094,497 ------------ ------------ ------------ 24,906,631 24,414,855 18,026,922 ------------ ------------ ------------ Net increase (decrease) in cash and cash equivalents during the year (1,193,667) 759,901 1,625,768 Cash and cash equivalents, beginning of year 5,971,866 5,211,965 3,586,197 ------------ ------------ ------------ Cash and cash equivalents, end of year $ 4,778,199 $ 5,971,866 $ 5,211,965 ============ ============ ============ The accompanying notes are an integral part of these financial statements. F-5 - 35 - NORTH EUROPEAN OIL ROYALTY TRUST ------------------------------- NOTES TO FINANCIAL STATEMENTS ---------------------------- OCTOBER 31, 2012, 2011 AND 2010 ------------------------------- (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 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"). 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. 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. F-6 - 36 - Cash and cash equivalents - -------------------------- Included in cash and cash equivalents are amounts deposited in bank accounts and amounts invested in certificates of deposit and U. S. Treasury bills with original maturities of approximately 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 October 31, 2012, the uninsured amounts held in the Trust's U.S. bank accounts were approximately $4,078,000. In addition, approximately $6,448 was held in the Trust's German account at October 31, 2012. Net income per unit - -------------------- Net income per unit is based upon the number of units outstanding at the end of the period. As of October 31, 2012, 2011 and 2010, 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. Reclassifications - ------------------- Certain amounts in the financial statements of a prior period have been reclassified to conform with the current period presentation for comparative purposes. (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 Exxon Mobil Corp. and the Royal Dutch/Shell Group. 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, distillate and sulfur. (3) Related Party Transactions: -------------------------- John R. Van Kirk, the Managing Director of the Trust, provides office space and services to the Trust at cost. For such office space and services, the Trust reimbursed the Managing Director $27,095, $29,039 and $24,067 in fiscal 2012, 2011 and 2010, respectively. F-7 - 37 - Lawrence A. Kobrin, a Trustee of the Trust, is a Senior Counsel at Cahill Gordon & Reindel LLP, which serves as counsel to the Trust. Mr. Kobrin is no longer a partner with Cahill Gordon & Reindel LLP. For legal services, the Trust paid Cahill Gordon & Reindel LLP $93,208, $77,577 and $97,677 in fiscal 2012, 2011 and 2010, 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 authorized the making of contributions by the Trust to the accounts of employees, on a matching basis, of up to 3% of cash compensation paid to each such employee for the 2012, 2011 and 2010 calendar years. (5) Legal matters: ------------- The Trust is not a party to any pending legal proceedings. The previous litigation commenced by the Trust in Germany against the operating companies (See 2011 Annual Report on Form 10-K) was concluded after an adverse district court ruling in May 2012, from which the Trust, after consultation with its local counsel, determined not to appeal. F-8 - 38 - (6) Quarterly results (unaudited): ----------------------------- The table below summarizes the quarterly results and distributions of the Trust for the fiscal years ended October 31, 2012 and 2011. Fiscal 2012 by Quarter and Year -- First Second Third Fourth Year ---------- ---------- ---------- ---------- ------------ Royalties received $6,538,261 $6,441,635 $5,846,833 $4,846,079 $23,672,808 Net income $6,079,264 $6,262,114 $5,589,094 $4,679,489 $22,609,961 Net income per unit $0.66 $0.68 $0.61 $0.51 $2.46 Distributions paid or to be paid $6,065,789 $6,249,601 $5,606,261 $4,687,200 $22,608,851 Distributions per unit paid or to be paid to unit owners $0.66 $0.68 $0.61 $0.51 $2.46 Fiscal 2011 by Quarter and Year --- First Second Third Fourth Year ----------- ---------- ---------- ---------- ------------- Royalties received $5,396,283 $6,965,508 $6,744,676 $6,042,056 $25,148,523 Net income $5,084,139 $6,678,994 $6,566,627 $5,866,147 $24,195,907 Net income per unit $0.55 $0.73 $0.71 $0.64 $2.63 Distributions paid or to be paid $5,054,825 $6,709,131 $6,525,319 $5,881,977 $24,171,252 Distributions per unit paid or to be paid to unit owners $0.55 $0.73 $0.71 $0.64 $2.63 F-9 - 39 - Item 9. Changes in and Disagreements with Accountants -- on Accounting and Financial Disclosure. ------------------------------------ None. Item 9A. Controls and Procedures. ---------------------- Disclosure 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 October 31, 2012. Based on that evaluation, the Managing Director concluded that the Trust's disclosure controls and procedures were effective as of October 31, 2012. Internal Control over Financial Reporting -- Part A. Management's Report on Internal Control over Financial -- Reporting --------- The Trust's management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) for the Trust. There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time. Management has evaluated the Trust's internal control over financial reporting as of October 31, 2012. This assessment was based on criteria for effective internal control over financial reporting described in the standards promulgated by the Public Company Accounting Oversight Board and in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Trust's internal control over financial reporting was effective as of October 31, 2012. Management's assessment of the effectiveness of our internal control over financial reporting as of October 31, 2012 has been audited by WeiserMazars LLP, the Trust's independent auditor, as stated in their report which follows. - 40 - Part B. Attestation Report of Independent Registered Public --- Accounting Firm --------------- Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting To the Board of Trustees and the Unit Owners of North European Oil Royalty Trust We have audited North European Oil Royalty Trust's (the "Trust") internal control over financial reporting as of October 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Trust's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Trust's internal control over financial reporting based on our audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. The Trust's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Trust's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Trust; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Trust are being made only in accordance with authorizations of management and the Trustees of the Trust; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Trust's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. - 41 - In our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of October 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by COSO. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statements of assets, liabilities and trust corpus as of October 31, 2012 and 2011, and the related statements of revenue collected and expenses paid, undistributed earnings, and changes in cash and cash equivalents for each of the years in the three- year period ended October 31, 2012 and our report dated December 28, 2012 expressed an unqualified opinion thereon. /s/ WeiserMazars LLP New York, NY December 28, 2012 Part C. Changes in Internal Control over Financial Reporting -- There have been no changes in the Trust's internal control over financial reporting that occurred during the fourth quarter of fiscal 2012 that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting. Item 9B. Other Information. ---------------- None. - 42 - PART III Item 10. Directors, Executive Officers and Corporate Governance. -- Except as set forth below, the information required by this item will be contained in the Trust's definitive Proxy Statement for its Annual Meeting of Unit Owners to be held on February 12, 2013, to be filed pursuant to Section 14 of the Securities Exchange Act of 1934, and is incorporated herein by reference. Code of Ethics ------------- The Trustees have adopted a Code of Conduct and Business Ethics (the "Code") for the Trust's Trustees and employees, including the Managing Director. The Managing Director serves the roles of principal executive officer and principal financial and accounting officer. A copy of the Code is available without charge on request by writing to the Managing Director at the office of the Trust. The Code is also available at the Trust's website, www.neort.com. All Trustees and employees of the Trust are required to read and sign a copy of the Code annually. No waivers or exceptions to the Code have been granted since the adoption of the Code. Any amendments or waivers to the Code, to the extent required, will be disclosed in a Form 8-K filing of the Trust after such amendment or waiver. Item 11. Executive Compensation. --------------------- The information required by this item will be contained in the Trust's definitive Proxy Statement for its Annual Meeting of Unit Owners to be held on February 12, 2013, to be filed pursuant to Section 14 of the Securities Exchange Act of 1934, and is incorporated herein by reference. Item 12. Security Ownership of Certain Beneficial Owners and Management -- and Related Stockholder Matters. ------------------------------ The information required by this item will be contained in the Trust's definitive Proxy Statement for its Annual Meeting of Unit Owners to be held on February 12, 2013, to be filed pursuant to Section 14 of the Securities Exchange Act of 1934, and is incorporated herein by reference. Item 13. Certain Relationships and Related Transactions, and Director -- Independence. ----------- The information required by this item will be contained in the Trust's definitive Proxy Statement for its Annual Meeting of Unit Owners to be held on February 12, 2013, to be filed pursuant to Section 14 of the Securities Exchange Act of 1934, and is incorporated herein by reference. - 43 - Item 14. Principal Accountant Fees and Services. ------------------------------------ The information required by this item will be contained in the Trust's definitive Proxy Statement for its Annual Meeting of Unit Owners to be held on February 12, 2013, to be filed pursuant to Section 14 of the Securities Exchange Act of 1934, and is incorporated herein by reference. PART IV Item 15. Exhibits and Financial Statement Schedules. -- (a) The following is a list of the documents filed as part of this Report: 1. Financial Statements Index to Financial Statements for the Fiscal Years Ended October 31, 2012, 2011 and 2010 Report of Independent Registered Public Accounting Firm Statements of Assets, Liabilities and Trust Corpus as of October 31, 2012 and 2011 Statements of Revenue Collected and Expenses Paid for the Fiscal Years Ended October 31, 2012, 2011 and 2010 Statements of Undistributed Earnings for the Fiscal Years Ended October 31, 2012, 2011 and 2010 Statements of Changes in Cash and Cash Equivalents for the Fiscal Years Ended October 31, 2012, 2011 and 2010 Notes to Financial Statements 2. Exhibits The Exhibit Index following the signature page lists all exhibits filed with this Report or incorporated by reference. - 44 - SIGNATURES Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Trust has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized. NORTH EUROPEAN OIL ROYALTY TRUST Dated: December 28, 2012 By: /s/ John R. Van Kirk -- John R. Van Kirk, Managing Director and Principal Accounting Officer Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Dated: December 28, 2012 /s/ Robert P. Adelman ------------------------------------- Robert P. Adelman, Managing Trustee Dated: December 28, 2012 /s/ Samuel M. Eisenstat ------------------------------ Samuel M. Eisenstat, Trustee Dated: December 28, 2012 /s/ Lawrence A. Kobrin ------------------------------ Lawrence A. Kobrin, Trustee Dated: December 28, 2012 /s/ Willard B. Taylor ----------------------------- Willard B. Taylor, Trustee Dated: December 28, 2012 /s/ Rosalie J. Wolf --------------------------- Rosalie J. Wolf, Trustee Dated: December 28, 2012 /s/ John R. Van Kirk ------------------------------------- John R. Van Kirk, Managing Director and Principal Accounting Officer - 45 - Exhibit Index ------------ Exhibit Page ------- ---- (3.1) North European Oil Royalty Trust Agreement, dated September 10, 1975, as amended through February 13, 2008(incorporated by reference as Exhibit 3.1 to Current Report on Form 8-K, filed February 15, 2008. (File No. 0-8378)). (3.2) Amended and Restated Trustees' Regulations, amended and restated as of October 31, 2007 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K, filed November 2, 2007 (File No. 0-8378)) (10.1) Agreement with OEG, dated April 2, 1979, exhibit to Current Report on Form 8-K filed May 11, 1979 (incorporated by reference as Exhibit 1 to Current Report on Form 8-K, filed May 11, 1979 (File No. 0-8378)). (10.2) Agreement with Mobil Oil, A.G. concerning sulfur royalty payment, dated March 30, 1979, (incorporated by reference to Exhibit 3 to Current Report on Form 8-K, filed May 11, 1979 (File No. 0-8378)). (21) There are no subsidiaries of the Trust. (31) Certification of Chief Executive Officer and Chief 46 Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (32) Certification of Chief Executive

Officer and 48 Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (99.1) Calculation of Cost Depletion Percentage 49 for the 2012 Calendar Year Based on the Estimate of Remaining Proved Producing Reserves in the Northwest Basin of the Federal Republic of Germany as of October 1, 2012 prepared by Ralph E. Davis Associates, Inc. (99.2) Order Approving Settlement signed by Vice Chancellor Jack Jacobs of the Delaware Court of Chancery (incorporated by reference as Exhibit 99.2 to Current Report on Form 8-K, filed February 26, 1996).