North European Oil Royalty Trust
P.O. Box 456
Red Bank, New Jersey 07701
(732) 741-4008

IMPORTANT – 2017 TAX LETTER
RETAIN THIS LETTER FOR PREPARATION OF YOUR 2017 INCOME TAX RETURNS

January 2, 2018

To the Current and Former Unit Owners of
North European Oil Royalty Trust:

There are three parts to the tax letter. PART ONE applies to all unit owners. PART TWO applies to unit owners who have held their units for the entire year. PART THREE applies to unit owners who have held their units for only a portion of the year.

The following is provided to assist current and former unit owners of North European Oil Royalty Trust (the "Trust") to prepare their personal income tax returns for the tax year ended December 31, 2017. This letter serves to assist Owners, and their tax professionals, in determining the accurate and true income from the Trust for income tax reporting purpose. Further, this letter is for informational purposes and neither the Trust nor Trust employees intend, nor may it be construed, for this letter to serve as either legal or tax advice. It is recommended that you seek the advice of your trusted tax professional or attorney should you require further guidance.

PART ONE – ALL UNIT OWNERS

To determine your proportional and, therefore, reportable, share of Trust income you must first know how many Trust units you owned during 2017, the periods during which you owned the units, and the cost or tax basis of the units. The information contained in this letter is applicable to those unit owners who held their units for either the entire year or only a portion of the year. Please note that Trust distributions are not dividends and should not be included on your income tax return as dividend income.

The Trust is considered a "grantor trust" for federal income tax purposes and each unit owner is deemed a "grantor" of the Trust. As such, unit owners realize income, in proportion to the owned units, when royalty income is paid to the Trust. Further, unit owners may deduct, from income, a proportional share of Trust expenses. Because realization of proportional Trust income and expenses is a time sensitive inquiry, you should not use the amount of quarterly Trust distributions received for income tax reporting purposes. Additionally, you should disregard the amounts listed on any 2017 Form 1099-Misc you receive from your broker or other nominee. The listed amounts are incomplete because they do not include your proportional share of Trust expenses and/or the cost depletion allowance.

Income and expenses should be reported on Federal Income Tax Form 1040, Schedule E. Royalty income is generally considered portfolio income under the passive loss rules enacted by the Tax Reform Act of 1986. Under Part I, Income or Loss from Rental Real Estate and Royalties, on Line 1a enter property description as "oil and gas overriding royalty rights, Germany through North European Oil Royalty Trust."

The type of property is royalties. On Federal Income Tax Form 1040, Schedule E, royalty income should be entered on Line 4 and expenses should be entered on Line 19 as "miscellaneous Trust expenses." Some tax preparation computer programs ask for a tax identification number. North European Oil Royalty Trust's tax identification number is 22-2084119.

A unit owner may be entitled to cost depletion for tax reporting purposes. At the outset, in the first year of ownership, the unit owner's cost or tax basis for the units is the basis for computing cost depletion. In each subsequent year, the basis for computing cost depletion is that original cost less the cumulative amount of depletion previously taken.

The Trust retains Graves & Co. Consulting, LLC, of Houston, Texas, a petroleum engineering company, to calculate the cost depletion percentage each year. The cost depletion percentage is calculated based upon computations of proved producing reserves estimated in accordance with accepted engineering analytical principles. Graves & Co. Consulting, LLC has recommended an annual cost depletion percentage of 11.6635% for the 2017 calendar year.

The IRS periodically changes the format for Schedule E (including the line numbers and descriptions), and may do so even after the date of this letter, so please make certain you follow the Form 1040 Schedule E directions carefully and enter the information on the correct lines.

The Trust's royalty income represents income from Germany. Although Germany does not tax the royalty income received by the Trust, this information should be considered if you have available foreign tax credits from other sources.

The Trust will submit this letter and the listing of unit owners during 2017 to the Internal Revenue Service. This list will contain names, addresses and tax ID or Social Security Numbers. You may wish to attach a copy of this letter to your tax returns.

This letter does not constitute legal or tax advice. Neither the Trust nor its employees may offer tax or legal advice relevant to your unique situation. The Trust recommends that you direct any questions to your tax advisor or attorney.

PART TWO – OWNERSHIP OF UNITS FOR THE ENTIRE YEAR

A. If you owned all your units for the entire year, you would calculate your royalty income by multiplying the number of units you owned by $0.8486. On Federal Income Tax Form 1040, Schedule E, royalty income should be entered on Line 4.

B. If you owned all your units for the entire year, you would calculate your expenses by multiplying the number of units you owned by $0.0802. On Federal Income Tax Form 1040, Schedule E, expenses should be entered on Line 19 as "miscellaneous Trust expenses."

C. If you owned all your units for the entire year, you would calculate your cost depletion deduction by multiplying your cost basis or adjusted cost basis by .116635. On the Federal Income Tax Form 1040, Schedule E, your cost depletion deduction should be entered on Line 18.

PART THREE – OWNERSHIP OF UNITS FOR A PARTIAL YEAR

If you owned your units for only a portion of the year, you should use the charts and instructions on the following pages to determine your royalty income, royalty expenses and cost depletion deduction.

ROYALTY INCOME PER UNIT FOR THE 2017 TAX YEAR

First month during which units were owned:	Last month during which units were owned:											
	January	February	March	April	May	June	July	August	September	October	November	December
January	$0.0759	$0.1373	$0.1991	$0.2847	$0.3548	$0.4262	$0.4996	$0.5508	$0.6635	$0.7330	$0.7839	$0.8486
February		$0.0614	$0.1232	$0.2088	$0.2789	$0.3503	$0.4237	$0.4749	$0.5876	$0.6571	$0.7080	$0.7727
March			$0.0618	$0.1474	$0.2175	$0.2889	$0.3623	$0.4135	$0.5262	$0.5957	$0.6466	$0.7113
April				$0.0856	$0.1557	$0.2271	$0.3005	$0.3517	$0.4644	$0.5339	$0.5848	$0.6495
May					$0.0701	$0.1415	$0.2149	$0.2661	$0.3788	$0.4483	$0.4992	$0.5639
June						$0.0714	$0.1448	$0.1960	$0.3087	$0.3782	$0.4291	$0.4938
July							$0.0734	$0.1246	$0.2373	$0.3068	$0.3577	$0.4224
August								$0.0512	$0.1639	$0.2334	$0.2843	$0.3490
September									$0.1127	$0.1822	$0.2331	$0.2978
October										$0.0695	$0.1204	$0.1851
November											$0.0509	$0.1156
December												$0.0647

A. To determine your royalty income per unit for your period of ownership, place your finger on the chart above on the first month in the left hand column during which you owned your units and slide your finger to the right until you reach the column showing the last month during which you owned your units. This figure should be multiplied by the number of units you owned during that period to calculate your royalty income. On Federal Income Tax Form 1040, Schedule E, royalty income should be entered on Line 4.

ROYALTY EXPENSES PER UNIT FOR THE 2017 TAX YEAR

First month during which units were owned:	Last month during which units were owned:											
	January	February	March	April	May	June	July	August	September	October	November	December
January	$0.0055	$0.0213	$0.0248	$0.0294	$0.0357	$0.0388	$0.0439	$0.0500	$0.0529	$0.0584	$0.0663	$0.0802
February		$0.0158	$0.0193	$0.0239	$0.0302	$0.0333	$0.0384	$0.0445	$0.0474	$0.0529	$0.0608	$0.0747
March			$0.0035	$0.0081	$0.0144	$0.0175	$0.0226	$0.0287	$0.0316	$0.0371	$0.0450	$0.0589
April				$0.0046	$0.0109	$0.0140	$0.0191	$0.0252	$0.0281	$0.0336	$0.0415	$0.0554
May					$0.0063	$0.0094	$0.0145	$0.0206	$0.0235	$0.0290	$0.0369	$0.0508
June						$0.0031	$0.0082	$0.0143	$0.0172	$0.0227	$0.0306	$0.0445
July							$0.0051	$0.0112	$0.0141	$0.0196	$0.0275	$0.0414
August								$0.0061	$0.0090	$0.0145	$0.0224	$0.0363
September									$0.0029	$0.0084	$0.0163	$0.0302
October										$0.0055	$0.0134	$0.0273
November											$0.0079	$0.0218
December												$0.0139

B. To determine your royalty expenses per unit for your period of ownership, place your finger on the chart above on the first month in the left hand column during which you owned your units and slide your finger to the right until you reach the column showing the last month during which you owned your units. This figure should be multiplied by the number of units you owned during that period to calculate your expenses. On Federal Income Tax Form 1040, Schedule E, expenses should be entered on Line 19 as "miscellaneous Trust expenses."

C. If you owned your units for only a portion of the year you must prorate the depletion percentage to reflect your period of ownership. In the same way that you calculated your royalty income per unit, place your finger on the Royalty Income per Unit Chart on the first month in the left-hand column during which you owned your units and slide your finger to the right until you reach the column showing the last month during which you owned your units. This figure should be divided by $0.8486. The resulting figure is then multiplied by .116635 to yield the prorated depletion percentage. Multiply this prorated depletion percentage by your cost basis or adjusted cost basis to calculate your cost depletion deduction. Your cost depletion deduction should be entered on Line 18 on the Federal Income Tax Form 1040, Schedule E.

This letter does not constitute legal or tax advice. Neither the Trust nor its employees may offer tax or legal advice relevant to your unique situation. If you dispose of some or all of your Trust units, you should consult your tax advisor as to the tax consequence of that disposition. The Trust recommends that you direct any questions to your tax advisor or attorney.

Most sincerely yours,

John R. Van Kirk
Managing Director