FORM 10K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

MARK ONE

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

OR

TRANSITION REPORT pursuant to section 13 or 15(d) of the securities exchange act of 1934

FOR THE TRANSITION PERIOD FROM N/A TO N/A

COMMISSION FILE NUMBER: 1-100

CROFF ENTERPRISES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

UTAH 87-0233535
STATE OF INCORPORATION (I.R.S. EMPLOYER IDENTIFICATION NUMBER)

1675 BROADWAY
SUITE 1030
DENVER, COLORADO 80202
ADDRESS OF PRINCIAL ZIP CODE
EXECUTIVE OFFICES

Registrant's telephone number, including area code: (303)628-1963

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common - $0.10 Par Value	None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registration (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

As of March 1, 1998, the aggregate market value of the common voting stock held by non-affiliates of the Registrant, computed by reference to the average of the bid and ask price on such date was: $435,000

As of March 1, 1998, the Registrant had outstanding 516,315 shares of common stock ($0.10 par value)

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ITEM 1. BUSINESS

(a) Description of Business

Croff Enterprises, Inc. (formerly Croff Oil Company) and hereafter "Croff" or "the Company, was incorporated in Utah in 1907 as Croff Mining Company. The Company changed its name to Croff Oil Company in 1952, and in 1996 changed its name to Croff Enterprises, Inc. The Company, however, continues to operate its oil and gas properties as Croff Oil Company. The principal office of the Company is located at 1675 Broadway, Suite 1030, Denver, Colorado 80202. The telephone number is (303) 628-1963.

Croff is engaged in the business of oil and gas exploration and production, primarily through ownership of perpetual mineral interests and acquisition of oil and gas leases. The Company's principal activity is oil and gas production from non-operated properties. The Company also acquires, owns, and sells, producing and non-producing leases and perpetual mineral interests. Over the past ten years, Croff's primary source of revenue has been oil and gas royalties from producing mineral interests. Croff participates as a working interest owner in approximately 35 wells. Croff holds small royalty interests in over 200 wells. In 1997, Croff purchased working interests in five new wells, three gas wells in Michigan, a gas well in Colorado, and an oil well in Texas. In addition, Croff purchased a larger interest from Exxon in the Rentuer, a gas and oil well in Wyoming, and an oil well in Colorado. All of the wells from which Croff receives revenues are operated by other companies and Croff has no control over the factors which determine royalty or working interests revenues such as markets, prices and rates of production.

After the drop of oil prices during 1986, the Company did not participate in exploration drilling through 1990. The Company in 1990, after paying off the last of its' long-term debt, again began to acquire producing oil and gas leases, and took a minor interest in a new well in 1991 and 1992. In 1992, the Company purchased working interests in eleven wells, royalty interests in three wells, and participated in a workover of an existing working interest wells. In 1993, the Company purchased a stripper field in South Texas, and sold it to a local operator, reserving a carved-out production interest, secured by a mortgage on the field. In 1994, the Company continued to purchase producing oil and natural gas wells. In 1995, Croff purchased a two percent interest in a

mortgage note secured by an equal interest in an Indiana Coal Mine. This venture failed when the utility canceled the coal contract and Croff had to write off most of this investment. In 1996, the Company sold its carved-out production interest in South Texas and purchased three interests in oil and gas wells in Wyoming and Colorado. In 1997, the Company leased several tracts of its perpetual mineral interests in Northeast Utah as drilling activity increased.

Since 1991, Croff has purchased interests in publicly traded oil and gas companies out of cash reserves. The Company intends to earn a better yield than cash on these current funds, which will be liquidated, as needed, to fund the purchase of oil and gas wells or other natural resource investments.

Croff has one part-time employee, the President, and two Assistant Secretaries, who work for the Company as part of its contracted office space arrangement described in Item 13.

(b) Current Activities

In 1997, the Company reported a slight loss, which was the first loss reported by the Company in over five years. This loss was due to a write down of the Company's investment in Carbon Opportunities, L.L.C. The Company, in March of 1995, purchased a 2% interest in Carbon Opportunities, L.L.C. Carbon Opportunities, L.L.C. had purchased a non-performing $6,000,000 note secured by the Buck Creek Coal Mine. The only source of repayment of the note was from operations at the Buck Creek Coal Mine. In December, 1995, the utility which was the major purchaser of coal from the mine, canceled the contract. Later, the mine filed a Chapter 11 bankruptcy. By the third quarter of 1997, it was clear that the mine would not be reopened, the lawsuit against the utility had been lost at the trial level, and liquidation of the equipment would not yield sufficient monies to recoup the investment. The Company determined that $62,000 of its original $100,000 investment would have to be written off. The Company had received $18,000 of its original investment and had written the investment down to approximately $82,000. Subsequently, the Company received $4,000, and there remains cash and equipment left to be liquidated of approximately $16,000, which is the remaining value of this asset on the Company's books. The only other recovery would be if the litigation were reversed on appeal or a settlement was reached. Management of the Company does not feel this is likely. The Company now considers this a liquidated asset and expects to debit any monies received against its remaining value on the Company's books.

In 1996, the shareholders voted to adopt changes in the capital structure of the Company in order to provide more liquidity to the shareholders. The purpose of this recapitalization was to allow the Company to pursue ventures outside of the oil and gas business while retaining the Company's core oil and natural gas assets. In order to do this, the Company created a class of Preferred B stock to which all of the perpetual mineral interests and other oil and gas assets were pledged. Thus the Preferred B stock represents the oil and gas assets of the Company and all other assets are represented by the common stock. Each common shareholder received an equal number of Preferred B shares, one for one, at the time of this restructuring of the capital of the Company.

Since 1996, the Board has looked for a merger, acquisition or other business combination using the common stock. Such transaction would substantially dilute the existing shareholders, but which would allow the Company to grow to a size where it could be actively traded and a market would develop for the common shares. At the same time, the Board decided to change the name of the Company to Croff Enterprises, Inc., but to continue to operate the oil and gas business as Croff Oil Company.

The Preferred B shares are not registered or publicly traded, but are bought and sold through a clearinghouse which the Company holds each year. Any shareholder or any outsider is able to bid and ask for the shares of the Company. This process first took place in January and February of 1997, and is currently in process in 1998. In 1997, the sale of the Preferred B shares were closed at prices ranging from $.75 to $.90 per share. In 1998, the average price is approximately $1.00 per share. In 1997, approximately 13,365 shares were traded, and in 1998 approximately 30,000 shares have been offered. This system provides some liquidity to the Preferred B shareholders, and is paid for by the Company without charge or commission to the shareholders.

The Company has had negotiations, at this point, with several private companies which were interested in merging with Croff in order to become public. These negotiations occurred throughout 1997 and are continuing. None of these negotiations have reached agreement. The Board has adopted an acquisitions strategy, however, as a long term strategy, and intends to continue to search

for a potential partner or acquisition which would be of most benefit to the common shareholders and create the strongest public market for the common shares.

With respect to the oil and gas assets of the Company, the Company has been active. In 1998, the Company is currently negotiating for the purchase of working interests in five natural gas wells in Oklahoma, which would be the largest acquisition the Company has made of producing oil and gas assets. While no contract has been entered into as of the day of this writing, it appears that the acquisition may be consummated within 30 days. The Company is currently negotiating with its bank to borrow a portion of the proceeds to purchase the gas wells in Oklahoma. In 1997, the Company purchased an interest in seven wells. The Company increased its interest in the Rentuer oil and gas well in Wyoming, by purchasing a portion of Exxon's interest, which had been put up for sale. The Company purchased an interest in a helium and gas well in Southeast Colorado. The Company also purchased a working interest in an oil well in North Dakota. In November of 1997, the Company purchased an interest in three gas wells in Michigan for approximately $50,000. The Company then purchased a larger interest in the Jones well in Colorado. Income from these wells should start in 1998, and should increase the Company's gas income.

The Company in 1996 purchased three interests in oil and gas wells, primarily an oil and gas well in Campbell County, Wyoming. The Company was also the beneficiary of increased drilling and higher prices in San Juan County, New Mexico, and La Plata County, Colorado, from coal gas methane wells which produced higher revenues. The Company also received a 1/16 royalty in an offsetting gas well to the Company's current production in Western Colorado. The Company entered into two leases for additional drilling on its mineral interests in the Blue Bell Altamont field in northeast Utah.

In the second quarter of 1996, the Company sold its carved-out production interest in the Taylor Ina field in Medina County, Texas. This carve-out production interest was sold for cash in the approximate amount of $106,000 to the operator of the field. The Company determined that the property had declined to a sufficient point, that its sale would yield sufficient monies that could be reinvested in other oil and gas properties to provide a higher and more consistent yield at less risk. The operator in Medina County, Texas, was able to borrow sufficient monies to buy out Croff for cash. Also during the second quarter, the Company sold its interest in a North Dakota well for cash, which well required a significant workover. This allowed the Company to accumulate significant amounts of cash to attempt to secure other oil and gas interests and to increase current assets as a part of its package of making the Company more attractive in order to grow the Company by the acquisition of a private business.

In 1995, the Company also purchased a small interest in the Ash Unit, a pooled oil field in Campbell County, Wyoming. The Company also participated in a small interest in a gas well in Wyoming and as a royalty owner, it continued development in the Bluebell-Altamont Field.

In 1994, the Company purchased small non-operating working interest in three oil wells and one gas well. It purchased a royalty interest in a gas well in Texas. In 1994, the Company received an increase in production from coal seam gas wells in La Plata County, Colorado, and San Juan County, New Mexico.

In 1993, the Company purchased a small stipper field in Medina County, Texas. The Company paid $135,000 in aggregate for this field during 1993 and 1994. The Company entered into an agreement with a local operator in Medina County, Production Resources, Inc., to purchase the production company and the leases, subject to a carved-out production payment to Croff Oil Company. The carved-out production payment is secured by a mortgage on the leases and the equipment. The local operator does not have significant financial resources, so the continued payment of the "carved-out production payment" is dependent on the ability of the operator to stay in business, which is dependent on the price of oil. The Company sold this field in 1996 for $106,000. At the time of the sale the production payments had totaled over $70,000 on the Company's $135,000 investment.

(c) Major Customers

Customers which accounted for over 10% of revenues were as follows for the years ended December 31, 995, 1996 and 1997:

	1995	1996	1997
Oil and gas:			
ANR Production Company	25.3% *	23.7%	23.0%

Burlington Resources Oil and Gas Company	------	10.5%	18.4%
Oasis Oil company	15.6%	-------	--------
Pennzoil Production Company	11.9%	11.1%	12.2%

*Includes Coastal Production Company

(d) Financial Information About Industry Segments

The Company's operations presently consist of oil and gas production. During previous years the Company has generated revenues through the purchase and resale of oil and gas leasehold interests, however, no significant revenues were generated from this source for the last five years. Further information concerning the results of the Company's operations in this one industry segment can be found in the Financial Statements.

(e) Environmental and Employee Matters

The Company's interest in oil and gas operations are indirectly subject to various laws and governmental regulations concerning environmental matters, as well as employee safety and health within the United States. The Company does not believe that it has any direct responsibility for or control over these matters as it does not act as operator of any oil or gas wells.

The Company is advised that oil and gas operations are subject to particular and extensive environmental concerns, hazards, and regulations. Among these regulations would be included the Toxic Substance Control Act; Resources Conservation and Recovery Act; The Clean Air Act; The Clean Water Act; The Safe Drinking Water Act; and The Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund). Oil and gas operations are also subject to Occupational Safety and Health Administration (OSHA) regulations concerning employee safety and health matters. The United States Environmental Protection Agency (EPA), OSHA, and other federal agencies have the authority to promulgate regulations that have an impact on all oil and gas operations.

In addition, various state and local authorities and agencies also impose and regulate environmental and employee concerns pertaining to oil and gas production, such as The Texas Railroad Commission. Often, though not exclusively, compliance with state environmental and employee regulations constitutes and exemption or compliance with federal mandates and regulations.

As indicated above, the Company does not have any direct control over or responsibility for insuring compliance with such environmental or employee regulations as they primarily pertain to the operator of oil and gas wells and leases. In no instances does the Company act as the operator. The effect of a violation by an Operator of a well in which the Company had a working interest would be that the Company may incur its pro-rata share of the cost of the violation.

The Company is not aware of any instance in which it was found to be in violation of any environmental or employee regulations or laws, and the Company is not subject to any present litigation or claims concerning such matters. In some instances the Company could in the future incur liability even as a non-operator for potential environmental waste or damages or employee claims occurring on oil and gas properties or leases in which the Company has an ownership interest.

ITEM 2. PROPERTIES

(a) Oil and Gas Mineral Interests and Royalties

The Company owns perpetual mineral interests which total approximately 4,600 net mineral acres, of which approximately 1,100 net acres are producing. The mineral interests are located in 110,000 gross acres in Duchesne, Utah, Wasatch and Carbon Counties in Utah, and approximately 40 net mineral acres in La Plata County, Colorado, an San Juan County, New Mexico.

In 1997, there was increased leasing on the Company's mineral interests. After a period of approximately four years in which there was minimal leasing, the Company entered into four leases on acreage in Duchesne County, Utah, in 1997. This generated several thousand dollars in lease bonus revenue and should result in some production on this acreage in the next three years if the drilling is successful. In addition, the company has received new royalty payments from development drilling on previously leased acreage in Northeast Utah.

In 1996, the company sold its carved-out production payment on 110 stipper

wells in Medina county, Texas, which it had purchased in 1993. This carved-out production payment operated similarly to a royalty, with the Company receiving 200 barrels of oil a month, without operating expenses. The Company sold this interest for approximately $106,000 after owning this interest for approximately three years.

As of December 31, 1997, the Company was receiving royalties from approximately 200 producing wells in the Bluebell-Altamont field in Duchesne and Uintah Counties, Utah. Royalties also were received from scattered interests in Wyoming, Colorado, New Mexico, Alabama, and Texas. Oil and gas revenues to the Company, primarily from royalties, were approximately $193,000 in 1997, $216,000 in 1996, $196,000 in 1995, and $197,000 during 1994. Natural gas income increased in 1996 and 1997 with increased gas sales from royalties on coal bed methane gas in San Juan County, New Mexico, and new wells in Western Colorado and Wyoming. Royalty income is contingent upon market demand, prices, producing capacity, rate of production, and taxes, none of which are in the control of the Company.

The most important factor to the Company's revenue and profit, is the price of oil and natural gas. Oil prices have dropped drastically during the last year with posted prices for sweet oil in Utah dropping from around $23 per barrel in January to a low of less than $17 per barrel by the end of the year. The drop in prices continued into 1998, and currently prices, adjusted for inflation, are near the extreme lows of 1986. The market in oil prices, having declined from 1990 to 1993, turned around, and average oil prices increased from 1994 to 1996. In 1997, they started down and rapidly declined to 1993 price levels. Natural gas prices in 1997 were stable at the higher level of $2-$3 per MCF achieved by the final two months of 1996. Natural gas prices averaged $2.03 for the Company in 1997, the average price being higher for the first half of the year. The average price in 1996 was $1.86 per MCF. The warm winter of 1997-1998 is contributing to the currently falling natural gas prices. Because most of Croff's natural gas is in the Rocky Mountains, Croff Oil Company's average price for natural gas was not as high as gas producers in Texas and the Gulf area received.

(b) Oil and Gas Working Interests

In 1997, the Company purchased an interest in seven wells. The Company increased its interest in the Rentuer oil and gas well in Wyoming, by purchasing a portion of Exxon's interest. The Company purchased an interest in a helium and gas well in Southeast Colorado. The Company also purchased a working interest in an oil well in North Dakota. In November of 1997, the Company purchased an interest in three gas wells in Michigan for approximately $50,000.

During 1996, the Company purchased an interest in the Rentuer well in Campbell County, Wyoming, and in the Jones well in Colorado. Both have been successful oil and gas producers. The Company sold its interest in the Anderson State well in North Dakota and in the Taylor-Ina field in Medina County, Texas. Overall, this increased the Company's cash reserves to approximately $200,000 by the end of 1996. The Company is actively seeking additional oil and gas wells with a portion of this cash.

In 1995, the Company purchased a working interest in the Ash Unit in Campbell County, Wyoming. This is a pooled field which has operating costs equal to about one-half of the net revenue. The Company invested primarily in a note secured by a coal mine in 1995 and thus purchased less oil and natural gas leases.

In 1994, the company purchased small working interests in a gas well in New Mexico; a gas well in Alabama; an oil well in Montana, a gas well in Oklahoma; and a waterflood in Wyoming in which the Company already had a working interest. The Company spent an aggregate of less than $25,000 on these purchases. In 1993, the Company sold its working interest in the five wells which it had purchased in 1992 in Frio County, Texas. It determined these wells were not profitable and were sold for salvage value. The company did not participate in any other drilling in 1993, and did not purchase any further working interests, but received a royalty interest on four new wells.

Except for purchasing a small interest in the drilling of one well in 1991, and another in 1995, the Company has not engaged in drilling activity. The Company has participated, in the last few years, in the reworking of four existing wells, three in Utah and one in North Dakota. The Company participates in new wells drilled by other operators as a royalty owner. A royalty owner generally receives a smaller interest, but does not share in the expense of drilling or operating the wells. In 1997, the Company was not involved in any

current drilling activity, by may participate in drilling ventures during the next fiscal year.

ESTIMATED PROVED RESERVES, FUTURE NET REVENUES AND PRESENT VALUES

The Company's interests in proved developed and undeveloped oil and gas properties have been evaluated by management for the fiscal years ending December 31, 1997, 1996, and 1995. All of the Company's revenues are located within the continental United States. The following table summarizes the Company's estimate of proved oil and gas reserves at December 31, 1997, 1996, and 1995.

	Reserve Category					
12/31	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas(Mcf)	Oil (Bbls)	Gas (Mcf)
19	53,508	204,865	17,047	13,111	70,555	217,976
1996	38,101	265,748	13,011	9,376	51,012	275,124
1997	39,339	301,343	12,612	13,423	51,951	314,766

(1) The Company sold oil reserves in 1996.

The estimated future net reserves (using December 31 prices and costs for each respective year), and the present value of future revenues (discounted at 10%); for the company's proved developed and proved undeveloped oil and gas reserves, for the years ended December 31, 1995, 1996, and 1997 are summarized as follows:

	Proved Developed		Proved Undeveloped		Total	
As of	Future Net	Present Value of Future Net	Future Net	Present Value of Future Net	Future Net	Present Value of Future Net
1995	$866,034	$539,782	$246,791	$196,504	$1,112,824	$736,287
1996	$942,653	$574,473	$238,347	$191,527	$1,181,000	$766,000
1997	$970,392	$629,784	$199,701	$129,606	$1,170,093	$759,390

"Proved developed" oil and gas reserves that can be expected to be recovered from existing wells with existing equipment and operating methods. "Proved undeveloped" oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relative major expenditure is required for recompletion.

For additional information concerning oil and gas reserves, see Supplemental Information - Disclosures About Oil and Gas Producing Activities - Unaudited, included with the Financial
Statements filed as a part of this report.

Since December 31, 1996, the Company's has not filed any estimates of its oil and gas reserves with, nor were any such estimates included in any reports to, any state or federal authority or agency, other than the Securities and Exchange Commission.

Oil and Gas Acreage

During the last five fiscal years, the Company decreased its holdings in undeveloped oil and gas leases and generally retained its holdings in developed oil and gas leases. The Company's acreage position was relatively static during the fiscal years ending December 31, 1995, 1996, and 1997.

"Developed acreage" consists of lease acreage spaced or assignable to production on wells having been drilled or completed to a point that would permit production of commercial quantities of oil or gas. "Gross acreage" is defined as total acres in which the Company has any interest; "Net acreage" is the actual number of mineral acres in which the mineral interest is owned entirely by the Company. All developed acreage is held by production.

The acreage is concentrated in Utah, Texas, Oklahoma, Michigan, and Alabama and is widely dispersed in Colorado, Montana, New Mexico, North Dakota, an Wyoming.

COMPANY'S INTEREST IN PRODUCTIVE WELLS (Gross and Net)

The following table shows the Company's interest in productive wells as of December 31, 1997.

Oil Wells (1)		Gas Wells (2)	
Gross	Net	Gross	Net
212	1.87	35	.9

(1) Primarily located in the Bluebell-Altamont field in Northeastern Utah; These wells include some natural gas production, but are primarily oil wells.

(2) Primarily located in Rio Blanco and LaPlata counties, Colorado, Beaver County, Oklahoma, San Juan county, New Mexico, Otsego County, Michigan, and Duchesne and Uintah Counties, Utah.

HISTORICAL PRODUCTION TO COMPANY

The following table shows approximate net production to the Company of crude oil and natural gas for the years ended December 31, 1995, 1996, and 1997:

	Crude Oil (Barrels)	Natural Gas (Thousands of Cubic Feet) MCF
Year Ended December 31, 1995:	8,278	35,250
Year Ended December 31, 1996:	5,886	44,938
Year Ended December 31, 1997:	5,295	46,222

There are no delivery commitments with respect to the above production of oil and natural gas, except on wells in which the Company has a royalty interest. The Company is unaware of the circumstances of any delivery commitments on royalty wells.

AVERAGE SALES PRICE AND COSTS BY GEOGRAPHIC AREA

The following table shows the approximate average sales price per barrel (oil) and Mcf (1000 cubic feet of natural gas), together with production costs for units of production for the Company's production revenues for 1995, 1996, and 1997.

	1995	1996	1997
Average sales price per bbl of oil	$15.62	$20.38	$18.55
Average production cost per bbl	$ 4.70	$ 5.90	$ 4.24
Average sales price per Mcf of natural gas	$ 1.40	$ 1.86	$ 2.03
Average production cost per Mcf of natural gas	$ .47	$ .51	$ .40

The average production cost for oil was lower in 1997, when compared to 1996, $4.24 per barrel in 1997 and $5.90 per barrel in 1996. The Company had less workovers on its oil wells in 1997, and more production from low cost wells. In 1996, there were more workovers, as well as more production taxes due to higher oil prices.

The average production cost for natural gas dropped in 1997, due to a large amount of royalty gas from San Juan County, New Mexico. The cost of production for natural gas was $.40 in 1997, $.51 in 1996, and $.47 in 1995. This was caused by increased sales of natural gas but with more production coming from royalty wells, resulting in a lower price per MCF.

This Company's oil and gas operations are conducted by the Company through its corporate headquarters in Denver, Colorado.

(c) Mining Interests

The Company has an indirect interest in coal leases in Sullivan County, Indiana. These coal leases are security for a promissory note owned by Carbon Opportunities, L.L.C., in which the Company holds a 2% interest. The leases were operated as the Buck Creek Coal Mine during 1995, but have since gone into bankruptcy and are currently in a Chapter 11 liquidation. The Company has not made any reserve estimates of coal in place on such leases as the value of the leases has been written off. The Company currently has no mining operations on its mineral interests.

(d) Corporate Offices and Employees

The corporate offices are located at 1675 Broadway, Suite 1030, Denver, Colorado 80202. The Company is not a party to any lease but currently pays $1,600 a month to Jenex Operating Company, which is partially owned by the Company's president, for office space and all office services, including rent,

phone, office supplies, secretarial, land, and geology. The Company's office expenses are approximately $20,000 per year. The Company is continuing this arrangement on a month-to-month basis. The Company believes this arrangement is below true market rate for equivalent facilities and services.

The Company currently has five (5) directors. The Company has one part time employee, the President, and two assistant secretaries on a contract basis employed at the Company's corporate offices. None of the officers or employees are represented by a union.

(e) Foreign Operations and Subsidiaries

The Company has no foreign operations, exports, or subsidiaries.

ITEM 3. LEGAL PROCEEDINGS

There are no legal actions of a material nature in which the Company is engaged.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's 1996 annual meeting was held at the Croff Oil Company office in Denver, Colorado on November 25, 1997. The Company solicited proxies on the following matters, with the results of the balloting being as follows:

Election of Directors

Gerald L. Jensen	
For:	269,747
Against:	0
Abstain:	100
Richard H. Mandel, Jr.	
For:	269,747
Against:	0
Abstain:	100
Dilworth A. Nebeker	
For:	261,929
Against:	7,818
Abstain:	100
Edwin Peiker	
For:	269,747
Against:	0
Abstain:	100
Julian D. Jensen	
For:	269,747
Against:	0
Abstain:	100

Approval of Auditors	
For:	269,077
Against:	0
Abstain:	0

PART II

ITEM 5. MARKET FOR REGISTRANT'S SECURITIES AND RELATED STOCKHOLDER MATTERS

On February 28, 1996, the shareholders approved the issuance of the Preferred B stock to be issued to each common shareholder on the basis of one share Preferred B for each share of common stock. The Company in the fourth quarter of 1996 issued all of the Preferred Shares and delivered the Preferred B shares to each of the shareholders for which it had a current address. The Preferred B shares are restricted and tradable only through a clearinghouse held by the Company from December through February of each year. The Company established a bid and ask format, whereby any shareholder could submit a bid or ask price for each Preferred B share. During the first bid and ask period in 1997, bids of $.75 were received and asked prices of $.75 and $.90 were received, and 13.365 Preferred B shares were traded at $.75 or $.90. All of these transactions are now completed. In 1997-1998, the bid prices received are $.90-$1.00 and approximately 30,000 shares are expected to be traded at this price. Because the stock is restricted and the Company has agreed to act as a clearinghouse for the sales of these Preferred B shares, the Company is acting as its own transfer agent, with respect to these Preferred B shares only.

In November, 1991, the Common Stock was reversed split, 1:10, and a trading range of approximately $1.00 bid to $1.10 was established and prevailed for approximately four years. A few transactions were conducted in the over-the-counter market or on the pink sheets, but the stock was not listed on any exchange and did not qualify to be listed on the NASDAQ small cap exchange. Therefore, there has been almost no trading in the Company's securities during the last five years. The Company has purchased common stock on an unsolicited

basis during this period at a price of $1.00-$1.20 per share and certain limited transactions known to the Company were traded within this same range. The chart below shows the trading of which the Company is aware during the last three years.

The trading range for 1997-1998 is shown for Preferred shares and common shares as a guide to the shareholders as to what transactions have either taken place or of which the Company is aware of the bid or ask price. One of the principal reasons for issuance of the Preferred B shares, was to attempt to use the common shares of the Company to grow the Company to a size whereby an active trading market will develop.

COMMON SHARES - 516,315 SHARES OUTSTANDING
BID RANGE (1), (2), (3), (4)

	Calendar Quarter	Bid	Asked
1995:	First Quarter	$1.00	$1.10
	Second Quarter	$1.00	$1.10
	Third Quarter	$1.00	$1.10
	Fourth Quarter	$1.10	$1.20
1996:	First Quarter	$1.10	$1.20
	Second Quarter	$1.10	$1.20
	Third Quarter	$1.10	$1.20
	Fourth Quarter	$1.10	$1.20
1997:	First Quarter	$ .50 (4)	$ .75 (4)
	Second Quarter	$ .50 (4)	$ .75 (4)
	Third Quarter	$ .50 (4)	$ .75 (4)
	Fourth Quarter	$ .50 (4)	$ .75 (4)
1998:	First Quarter	$ .65 (4)	$ .75 (4)

(1) Only a few transactions resulting in the transfer of stock took place in 1995, 1996 or 1997.
(2) In 1991, the Company tendered for its own 1:10 reverse split shares at $1.00 per share net to the shareholder. Approximately 29,000 Shares were purchased by the Company. All prices shown are following the implementation of the reverse split.
(3) TheCompany repurchased approximately 10,000 of its shares for its Treasury in 1995 at $1.00 and $1.05 per share from an estate and a bankruptcy trustee.
(3) Therestricted Preferred B shares were first issued in 1996, and trade in a Company sponsored clearinghouse from December-February of each year, so the 1997 and prices subsequent reflect the common share price to which the Preferred B price must be added to compare earlier periods.

As of December 31, 1997, there were approximately 1,100 holders of record of the Company's common stock. The Company has never paid a dividend and has no present plan to pay any dividend.

PREFERRED "B" SHARES- 516,315 SHARES OUTSTANDING
BID RANGE (1), (2), (3), (4)

	Calendar Quarter	Bid	Asked
1997:	First Quarter	$.75-$.90	$.90
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	$.75-$.90	$1.00
1998:	First Quarter	$.90	$1.00

ITEM 6. SELECTED FINANCIAL DATA

Fiscal Year Ended December 31:

	1993	1994	1995	1996	1997
REVENUES					
Operations					
Oil and Gas	$201,182	$196,780	$195,834	$216,870	$193.099
Other Revenues	$ 7,606	$ 6,139	$ 9,596	$ 27,181	$ 14,790
Expenses	$166,854	$167,080	$173,919	$170,258	$220.627
Net Income	$ 42,579	$ 34,183	$ 31,511	$ 73,793	$(12,738)
Per Common Share	$ .08	$ .06	$ .06	$ .14	$ (.12)
Working capital	$ 74,934	$ 74,401	$ 26,457	$226,367	$205,339
Long-term debt	--	--	--	--	--
Total assets	$402,414	$430,327	$505,018	$515,704	$504,875
Stockholders' equity	$384,673	$418,856	$440,527	$510,880	$497,892
Dividends per share	NONE	NONE	NONE	NONE	NONE

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(a) Results of Operations

Oil and gas sales for the fiscal year ended December 31, 1997, decreased from $216,870 in 1996 to $193,099 in 1997. This decrease was due to the steep decline in oil prices. Natural gas sales increased primarily from increased sales from coal seam gas in New Mexico. Oil sales decreased due to the natural decline in the fields. Production purchases and new drilling may partially offset this decline when it comes on stream in 1998. However, the drastic drop in oil prices from one year ago is sure to decrease revenues from existing oil production significantly in 1998.

Oil and gas sales for the fiscal year ended December 31, 1996, increased from $195,834 in 1995 to $216,870 in 1996. This was caused by several factors, natural gas production from coal seam gas increased, the price of oil reached a three year high, and production from purchased oil wells was added. Oil prices in 1996 benefited from a cold winter that caused heating oil to rise carrying crude prices upward. Then prices firmed up at the higher levels and increased again at the end of the year. The shortage of oil in Western Colorado and Eastern Utah resulted in a premium price for much of this oil. Natural gas prices benefited from the cold winter which drew down storage levels. An actual or perceived shortage of natural gas during November, 1996, through February, 1997, resulted in a price level of $3-$4 per MCF by early 1998. Natural gas has risen to over 45% of total oil and gas revenues and oil revenues are now less than 55%.

Oil prices in 1995 rose, then fell, then rose again at the end of the year resulting in an overall increase of about $1.00 per barrel. Natural gas prices were lower during the first half of 1995, and then began to rise. During the last half of the year, natural gas prices rose from around $1.20 per MCF to about $1.70 per MCF. Because some of Croff's natural gas production has been locked in at higher prices due to previous contracts, only a portion of Croff's natural gas production benefited because of this increase. The natural gas production for Croff was higher with the increase in coal seam gas which has been a lower priced product.

Operating expenses including production taxes, in the fiscal year ending December 31, 1997, were $40,824 compared to $58,556 in 1996. This decrease was due to less workover expenses in 1997, the sale of higher cost wells, and the purchase of natural gas wells, which have lease operating expenses, at better prices than royalty interests, which do not have operating expenses, so management expects lease operating expenses to increase with more production. Currently production increases were being offset by lower prices.

Operating costs increased from $55,584 in 1995 to $58,356 in 1996. This increase in lease operating expenses was due to higher costs in some of the Utah fields where Coastal completed workovers on wells acquired from Linmar Petroleum Company. The overall strategy of the Company in using its cash flow to purchase interests in oil and gas properties has resulted in gradual increases in total oil and gas production. The Company has attempted to sell or abandon its interest in wells with high operational costs, as a percent of revenues.

General administration expenses increased from $73,673 in 1996 to $79,495 in 1997. The principal reason for this increase was a raise of $6,000 per year to the President. The President's salary had not been increased in over ten years and the Board of Directors raised it, effective April 1, 1997. Other income increased due to interest on cash and dividends on stock and lease bonus income.

General and administrative expenses increased in the fiscal year ended December 31, 1996, to $73,673 from $66,698 in 1995. This increase was due to a higher legal, accounting and administrative expense incurred in designing, authorizing and delivering the new capital structure of the Company including the Preferred B shares which were issued in 1996. Other income also increased due to higher interest being paid on the Company's higher cash balances, and profits on sales of oil and gas properties.

General and administrative costs varied little in 1995 at $66,698 from $65,815 in 1994. There was no shareholders meeting in 1994 and the shareholders meeting in 1995 involved a reorganization of the Company. There were increased accounting and legal costs incurred as part of the proposed reorganization. The Company's other income in 1995 was the result of the sale of an oil well and

interest on cash and liquid assets.

(b) Capital Resources and Liquidity

At December 31, 1997, the Company's current assets totaled $212,322 and the Company's current liabilities totaled $6,983, for a working capital position of $205,339. The Company has maintained approximately this liquid position for the last two years. This liquidity decreased from $231,191 at December 31, 1996, to the $205,339 at December 31, 1997. This decrease was due to the Company purchasing oil and gas wells during 1997. The Company is currently seeking to acquire a group of gas wells which will decrease its liquidity considerably. The Company's current ratio is still in excess of 30:1. The management of the Company has determined that it is advantageous to maintain a more liquid position during the time it seeks to reach a reverse acquisition with respect to the Company. In the meantime, the Company continues to seek to buy oil and gas properties.

In 1996, the Company increased its current ratio by decreasing its current liabilities from $64,491 to $4,824, while increasing its current assets to $231,191. In 1996, the Company's current ratio increased as it paid off bank debt and paid down payables and utilized its cash flow to accumulate cash.

The Company increased its current assets in 1995 to $90,948. However, its current liabilities increased from $11,471 to $64,491 due to investing in the promissory note secured by the coal mine in Indiana. The Company accumulated cash in order to pay off this note, which was paid off on March 1, 1996. Thus while the current ratio of the Company at the end of December, 1995 was approximately 3:2, the current ratio in early 1996, was approximately 3:1.

The Company continues to enjoy a positive cash flow that it will utilize to invest. Because of the recent reorganization of the Company, the Company intends to use its cash flow for oil and gas purchases. The Company would expect that future cash positions and liquidity will be dependent upon its success in doing a merger, or reverse acquisition, and the amount of oil and gas properties it buys.

Because the Company's revenues are primarily from royalty payments and the Company does not have significant operating expenses, inflation is favorable to the Company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See index to financial statements, financial statement schedules, and supplemental information, beginning with Page 22 (F-1) hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a)(b)(c) Identification of Directors, Officer and Significant Employees.

The Croff Board consists of Gerald L. Jensen, Dilworth A. Nebeker, Richard H. Mandel, Edwin W. Peiker, and Julian D. Jensen. Each director will serve until the next annual meeting of shareholders, or until his successor is duly elected and qualified. The following is provided with respect to each officer and director of the Company as of March 1, 1998.

GERALD L. JENSEN, 58, PRESIDENT AND DIRECTOR

President of Croff Oil Company since October, 1985. Prior to this date, Mr. Jensen was Chairman of Petro-Silver, Inc., a public company, for over five years. Mr. Jensen was a director of Pyro Energy Corp., a public company engaged primarily in coal production, from 1978 until the Company was sold in 1989. Mr. Jensen is also an owner of private real estate, development, and oil and gas companies.

RICHARD H. MANDEL, JR., 68, DIRECTOR

Since 1982, Mr. Mandel has been President and a Board Member of American

Western Group, Inc., an oil and gas producing company in Denver, Colorado. From 1977 to 1984, he was President of Universal Drilling Co., Denver, Colorado. Since July, 1994, he has been a Board Member of Wichita River Oil Company.

DILWORTH A. NEBEKER, 57, DIRECTOR

Mr. Nebeker served as President of Croff from September 2, 1983 to June 24, 1985, and has been a director of Croff since December, 1981. He has been a lawyer in private practice for the past ten years. Prior thereto, he was a lawyer employed by Tosco Corporation, a public corporation, from 1973 to 1978. He was a lawyer with the Securities and Exchange Commission from 1967 to 1973.

EDWIN W. PEIKER, JR., 66, DIRECTOR AND SECRETARY

Mr. Peiker was President of Royal Gold, Inc., from 1988 through 1991, and continues to be a director. Since 1986, Mr. Peiker has been a Vice President and Director of Royal Gold, Inc., a public company engaged in gold exploration and mining activities. Prior thereto he was involved in private investments in oil and gas exploration and production. Mr. Peiker was employed in responsible positions with AMAX, Inc., a public corporation, from 1963 to 1983. AMAX is primarily engaged in mine evaluation and resource analysis.

JULIAN D. JENSEN, 49, DIRECTOR

Mr. Jensen is the brother of the Company's president and has served as legal counsel to the Company for the past seven years. Mr. Jensen has practiced law, primarily in the areas of corporate and securities law, in Salt Lake City, Utah, since 1975. Mr. Jensen is currently associated with the firm of Jensen, Duffin, Carman, Dibb & Jackson, which acts as legal counsel for the Company.

The Company has no knowledge of any arrangements or understandings between directors or any other person pursuant to which any person was or is to be nominated or elected to the office of director of the Company.

ITEM 11 EXECUTIVE COMPENSATION

(a) Remuneration

During the fiscal year ended December 31, 1997, there were no officers, employees or directors whose total cash or other remuneration exceeded $60,000.

Summary Compensation Table
1997 Compensation of C.E.O. (1)

Salary	Bonus	Other	Stock Options	Total All Compensation
$52,500 per annum	0	0	0	$52500

(1) Gerald L. Jensen is employed part time as the President and C.E.O. of Croff Enterprises, Inc.

Effective March 20, 1997, the President's salary was increased to $54,000 per year. In addition, the Company will contribute 3% of his salary to a Simple IRA Plan.

Directors, excluding the President, are not paid a set salary by the Company, but are paid $350 for each half-day board meeting and $500 for each full-day board meeting. The increased compensation for the directors was approved at the Board of Directors meeting held on March 20, 1997, to be effective immediately.

(b) Proposed Remuneration

During the current fiscal year, the Company intends to compensate outside directors at the rate of $350 for a half day meeting and $500 for a full day meeting.

Based on the current remuneration, for the fiscal year ending December 31, 1997, no officer or director shall receive total cash remuneration in excess of

$60,000.

(c) Options, Warrants or Rights

Directors were authorized and issued stock warrants in 1991, that essentially provide each director a warrant to purchase 10,000 shares of the Company's stock at $1.00 per share through 1995. The President's warrant is for 20,000 shares. The warrants to purchase stock were extended for four more years at the Board of Directors meeting on November 1, 1995. The expiration date of the warrants is December 31, 1999. No stock options were granted in the fiscal year ending December 31, 1997.

The chart below sets out the terms and value of the above warrants to all officers and directors, none of which have been exercised.

Officers and Directors Warrants and Compensation (1997)

	Warrant to Buy	Termination Date	Exercise Price	Current Value (Estimated) (1)	Director Compensation
Directors excluding President:	10,000 Shares	12/31/99	$1.00	$ 7,500	$ 4,200
President:	20,000 Shares	12/31/99	$1.00	$15,000	$54,000 as Pres.

(1) Based on a current stock price of $1.00 for Preferred B shares and $.75 for common shares for a total estimated value of $1.75, over option price of $1.00 per share. There is no market for the warrants and an extremely limited market for stock.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a)(b) Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of Common stock of the Company as of December 31, 1997, by (a) each person who owned of record, or beneficially, more than five percent (5%) of the Company's $.10 par value common stock, its only class of outstanding voting securities, and (b) each director and nominee and all directors and officers as a group.

	Shares Beneficially Owned	Percentage of Class of Stock
Jensen Development Company 1675 Broadway, Suite 1030 Denver, Colorado 80202	132,130 (1)	25.58%
Gerald L. Jensen 1675 Broadway, Suite 1030 Denver, Colorado 80202	71,215 (2)	13.27%
Edwin W. Peiker, Jr. 550 Ord Drive Boulder, Colorado 80401	14,000 (2)	2.66%
Dilworth A. Nebeker 201 East Figueroa Street Santa Barbara, California 93101	11,300 (2)	2.15%
Richard H. Mandel, Jr. 3333 E. Florida #94 Denver, Colorado 80210	10,100 (2)	1.92%
Julian D. Jensen 311 South State Street, Suite 380 Salt Lake City, Utah 84111	46,532 (2)(3)	8.84%
Directors as a Group	285,277	49.48%

(1) Jensen Development Company is wholly owned by Gerald L. Jensen

(2) Includes a warrant to purchase 10,000 shares of the Company's stock at $1.00 per share, expiring December 31, 1999. Mr. Gerald L. Jensen's warrant is for 20,000 shares. None of the warrants have been exercised.

(3) Includes shares held in Jensen Family Trust (31,532) in which Julian D. Jensen is the Trustee and approximate 43%

beneficial owner. Mr. Gerald L. Jensen holds an approximate 38% beneficial interest in these Trusts.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company currently is in an office sharing arrangement with Jenex Corporation, hereafter "Jenex", a company in which the President, Gerald L. Jensen, is a 50% shareholder. Jenex provides offices, phones, office supplies, computers, photocopier, fax, and all normal and customary office services. In addition, the Company shares an accountant and two assistant secretaries who are paid by Jenex. Jenex also provides assistance from a geologist. Croff currently reimburses Jenex $1,600 per month for all of these expenses. This fee was increased from $1,400 to $1,600 to be retroactively effective October 1, 1997, by approval of the Directors at the Board meeting held on November 25, 1997. These arrangements were entered into in order to reduce the Company's overhead. The Company is currently continuing this arrangement on a month-to-month basis. In the opinion of management, the amounts paid by Croff to Jenex for the personnel, office, equipment use, and other services are below the cost for such items if independently obtained.

The Company retains the legal services of Jensen, Duffin, Carman, Dibb & Jackson. Julian Jensen, a director, as a professional corporation, is part of this association. Legal fees paid to this law firm for the years ending 1997, 1996, and 1995 are, respectively, $2,086, $4,398, and $2,222.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Financial Statements. See index to financial statements, financial statement schedules, and supplemental information as referenced in Part II, Item 8, and the financial index on Page F-1 hereof. These reports are attached as Exhibits and are incorporated herein.

(b) Reports on Form 8-K

None

(c) Exhibit Index

I. Report of Independent Certified Public Accountants

II. Proxy Statement for Meeting on November 25, 1997.

III. Question and Answer Sheet for Shareholders on Preferred B Shares

IV. Copy of Preferred B Certificate

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the undersigned, thereunto duly authorized.

REGISTRANT:

CROFF ENTERPRISES, INC.

Date: March 31, 1998

By: /S/Gerald L. Jensen
Gerald L. Jensen, President,
Chief Executive Officer

Date: March 31, 1998

By: /S/ Beverly Licholat
Beverly Licholat,
Chief Financial 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 date indicated.

Date: March 31, 1998	By: /S/Gerald L. Jensen Gerald L. Jensen, President
Date: March 31, 1998	By: /S/ Richard H. Mandel Richard H. Mandel, Jr., Director
Date: March 31, 1998	By: /S/ Edwin Peiker Edwin Peiker, Jr., Director
Date: March 31, 1998	By: /S/ Dilworth A. Nebeker Dilworth A. Nebeker, Director
Date: March 31, 1998	By: /S/ Julian D. Jensen Julian D. Jensen, Director

PROXY STATEMENT
CROFF ENTERPRISES, INC.
1997 ANNUAL MEETING OF SHAREHOLDERS
November 25, 1997

THIS PROXY STATEMENT IS BEING MAILED TO SHAREHOLDERS OF RECORD IN CONNECTION WITH THE SOLICITATION OF THEIR VOTE BY THE BOARD OF DIRECTORS OF CROFF OIL COMPANY (the Company) with regard to the Annual Meeting to be held on November 25, 1997 at 10:00 a.m. at 1675 Broadway, Suite 1030, Denver, Colorado 80202, Telephone: (303) 628-1963. This Proxy Statement should be reviewed in connection with the enclosed copy of the Annual Reported filed on SEC Form 10-K dated December 31, 1996, and the most recent Statement of Operations for the quarter ending June 30, 1997.

VARIOUS ITEMS OF IMPORTANT INFORMATION AND ACCOUNTING FOR THE COMPANY RELATED TO THIS PROXY STATEMENT ARE SET-OUT IN THE ENCLOSED ANNUAL REPORT ON FORM 10-K OR THE MOST RECENT STATEMENT OF OPERATIONS. SUCH DETAILED INFORMATION MAY BE RELEVANT IN REVIEWING THIS PROXY STATEMENT, BUT IS NOT REPEATED IN THIS DOCUMENT. ACCORDINGLY, EACH SHAREHOLDER SHOULD REFER TO THE FORM 10-K AND RECENT QUARTERLY FINANCIAL INFORMATION BEFORE COMPLETING THEIR PROXY BALLOT.

Proxies voted in accordance with the accompanying ballot form which are properly executed and received by the Secretary to the Company prior to the Annual Meeting will be voted.

Revocability of Proxy

A shareholder returning the enclosed proxy ballot has the power to revoke it at any time before it is exercised and may do so by written notice to the Secretary of the Company at the address set forth above, effective upon receipt of such written notice, or by voting in person at the Annual Meeting. Attendance at the Annual Meeting, in and of itself, will not constitute revocation of a proxy.

Voting Securities

The record date for the determination of shareholders entitled to vote at the Annual Meeting is the close of business on October 10, 1997. There were issued, outstanding and entitled to vote on such date approximately 516,515 shares of the 20,000,000 authorized shares. The Company has authorized 5,000,000 shares of Class "A" preferred non-voting stock, none of which are issued; and 520,000 shares of Class "B" preferred non-voting stock of which 516,500 are presently issued and outstanding. The Company has only the one class of Common Shares, each of which is entitled to one vote. The Company does not have cumulative voting. Accordingly, each shareholder may vote all of his shares on each separate ballot proposal. The Company will bear all costs of this proxy solicitation.

Shares entitled to vote will be determined based upon the official shareholder record of October 10, 1997. Actual votes cast will be determined by the physical counting of votes in person or proxy by the inspector of elections to be appointed prior to the meeting by the Board of Directors. Any dispute as to votes or entitlement to vote will be decided by majority vote of the Board of Directors. Abstentions and broker non-votes will not be counted for either quorum or ballot purposes.

As to each item to be voted upon in this Proxy, a numerical majority of the issued and outstanding shares must be present, in person or by proxy, at the meeting. This means the shares required for a quorum will equal 258,259 shares.

Each proposal to be voted upon will only be adopted by a majority vote of shares voted at the meeting, provided a quorum is present. That is, each item will be adopted by an affirmative vote of not less than 129,130 shares, or a greater majority of those shares as otherwise determined by the inspector of elections.

There are no matters to be voted upon as described by this Proxy upon which management will proceed absent majority shareholder approval as described above.

The Company knows of no person or group, except the following, which, as of the date of this Proxy Statement, beneficially owns and has the right to vote more than 5% of the Company's Common Stock:

Names and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
Jensen Development Company (1) 1675 Broadway, Suite 1030 Denver, Colorado 80202	132,130	25.58%
Gerald L. Jensen (2)	71,215	13.27%
Julian D. Jensen (2)&(3) Jensen Revocable Trust	46,532	8.84%
4. Directors as a Group (2)	285,277	49.48%

Jensen Development Company is wholly by Gerald L. Jensen.

Includes warrants to purchase 10,000 shares of the Company's stock by each director at $1.00 per share, expiring December 31, 1998. Mr. Gerald L. Jensen's warrant is for 20,000 shares. None of the warrants have been exercised.

Mr. Julian D. Jensen owns 5,000 shares directly and holds a warrant for 10,000 shares (see Note 2, above); 21,432 are held by him as the Trustee of the Jensen Family Trust and 10,000 as the Trustee of the Jensen Revocable Trust. Mr. Julian D. Jensen has an approximate 43% beneficial interest in these Trusts and Mr. Gerald L. Jensen has an approximate 38% beneficial interest.

MATTERS SUBJECT TO SHAREHOLDER VOTE

I.

Election of Directors

The Croff Board consists of Gerald L. Jensen, Dilworth A. Nebeker, Richard H. Mandel, Jr., Edwin W. Peiker, Jr., and Julian D. Jensen. Each director will serve until the next annual meeting of shareholders, or until his successor is duly elected and qualified. Mr. Gerald L. Jensen is the only inside director, who also serves as President of the Company. The following information is provided with respect to each officer and director of the Company who are current nominees for re-election. Management solicits your vote in favor of each of the following current members of the Board of Directors:

GERALD L. JENSEN, 57, PRESIDENT AND DIRECTOR

President of Croff Oil Company on a part-time basis since October, 1985. Prior to this date, Mr. Jensen was Chairman of Petro-Silver, Inc., a public company, for over five years. Mr. Jensen was a director of Pyro Energy Corp., a public company engaged primarily in coal production from 1978 until the company was sold in 1989. Mr. Jensen is also an owner of private real estate, development, and oil and gas companies.

RICHARD H. MANDEL, JR., 67, DIRECTOR

Since 1982, Mr. Mandel has been President and a Board Member of American Western Group, Inc., an oil and gas producing company in Denver, Colorado. He is President and also a Board Member of Richard H. Mandel, Ltd., and oil and gas production company in Denver, Colorado. From 1977 to 1984, he was President of Universal Drilling Co., Denver, Colorado. Since May, 1988, he has been a Board Member of Richmond Exploration Company. Since July, 1990, he has been a Board Member of Pacific Petroleum, Ltd., an OTC Nevada Company.

DILWORTH A. NEBEKER, 56, DIRECTOR

Mr. Nebeker served as President of Croff from September 2, 1983 to June 24, 1985, and has been a director of Croff since December, 1981. He has been a lawyer in private practice for the past seven years. Prior thereto, he was a lawyer employed by Tosco Corporation, a public corporation, from 1973 to 1978. He was a lawyer with the Securities and Exchange Commission from 1967 to 1973.

EDWIN W. PEIKER, JR., 62, DIRECTOR AND SECRETARY

Mr. Peiker was President of Royal Gold, Inc., from 1988 through 1991, and continues to be a director. Since 1986, Mr. Peiker has been a Vice President and Director of Royal Gold, Inc., a public company engaged in gold exploration and mining activities. Prior thereto he was involved in private investments in oil and gas exploration and production. Mr. Peiker was employed in responsible positions with AMAX, Inc., a public corporation, from 1963 to 1983. AMAX is primarily engaged in mine evaluation and resource analysis.

JULIAN D. JENSEN, 49, DIRECTOR

Mr. Jensen is the brother of the Company's president and has served as legal counsel to the Company for the past seven years. Mr. Jensen has practiced law, primarily in the areas of corporate and securities law, in Salt Lake City, Utah, since 1975. Mr. Jensen is currently associated with the firm of Jensen, Duffin, Carman, Dibb & Jackson, which acts as legal counsel for the Company.

SUMMARY INFORMATION AS TO DIRECTORS

Name	Director Since	Compensation	Number of Shares (Beneficial & Legal)	Percentage of Issued and Outstanding
GERALD L. JENSEN(1)	1985	Salary as President: $54,000 - Including simple IRA plan-No Director Compensation (See Below)	203,345 (See Principal Shareholder Chart, above)	38.13%
DILWORTH A. NEBEKER Director	1981	Normal Director Stipend Only (See Below)	11,300	2.11%
RICHARD MANDEL (2)	1985	Normal Director Stipend Only (See Below)	10,100	1.88%
EDWIN PEIKER, JR. (2)	1985	Normal Director Stipend Only (See Below)	14,000	2.61%
JULIAN D. JENSEN (2)&(3)	1990	Normal Director Stipend Only (See Below)	46,532 (See Principal Shareholder Chart, (above)	8.68%

Includes shares held by Jensen Development Corporation (132,130) as wholly owned by Gerald L. Jensen. Effective March 20, 1997, the President's salary was increased $6,000 per year. In addition, the Company annually contributes 3% of his salary to a simple IRA plan.

Includes warrant expiring December 31, 1999, to acquire 10,000 shares by each Director, except Gerald L. Jensen, who holds a warrant for 20,000 shares. No warrant has been exercised to date. Warrants may be extended by majority vote of the Board.

Includes shares held in Jensen Family Trust (21,432) and Jensen Revocable Trust (10,000) in which Julian D. Jensen is the sole Trustee and an approximate 43% beneficial owner. Mr. Gerald L. Jensen holds an approximate 38% beneficial interest in these Trusts.

Outside Directors are paid a per diem fee of $500 for a full day meeting and $350 for each half-day session of directors meeting attended, plus any out of state travel costs. Directors receive no other compensation for their services, except the stock options described above. Directors have no liability insurance coverage.

Other nominees by Shareholders may be made and seconded in writing on the Proxy Ballot or at the meeting in accordance with Standard rules of the meeting. The Company follows the current edition of the Standard Robert's Rules of Order pertaining to nominees and other business conducted at the meeting.

II.

Ratification of Appointment of Independent Accountants

The Board of Directors has appointed Causey, Demgen & Moore as independent certified public accountants for the Company to examine the financial statements of the Company for the fiscal year ending December 31, 1998. The appointment of Causey, Demgen & Moore is subject to ratification of the shareholders and a resolution for such ratification will be offered at the Annual Meeting as is contained in the enclosed proxy ballot. Causey, Demgen & Moore have been acting as independent accountants for the Company for seven years and, both by virtue of its familiarity with the Company's affairs, its lower cost, and its ability, is considered by the Board as best qualified to continue its performance of these functions. The present Board of Directors recommends adoption of the resolution retaining the foregoing accounting firm as independent auditors for the Company. The foregoing accountants will not have a representative present at the Annual Meeting but have agreed to respond directly to any shareholder accounting questions sent to their office at 1801 California, Suite 4650, Denver, Colorado 80202.

Other Matters

The Annual Meeting is called for the purposes set forth in the notice thereof. The Board of Directors intends to be present, but has not been informed that any other person intends to present. The Board is not aware of any matters for action at the Annual Meeting other than those specifically referred to in the Notice of Meeting and this Proxy Statement. If any other matters are properly brought before the Annual Meeting, it is the intention of the proxyholders to vote on such matters in accordance with their judgment.

Stockholder Proposals

There were no stockholders proposals submitted for consideration at the 1997 Annual Meeting. Stockholder proposals intended to be considered at the next Annual Meeting of Stockholders must be received by The Company no later than March 31, 1998. Such proposals may be included in next year's proxy statement if they comply with certain rules and regulations promulgated by the Securities and Exchange Commission.

Financial Reports

The financial reports for the Company's operations ending December 31, 1996 as appended to the incorporated 10-K and the most recent Revenue Statements for the quarter ending June 30, 1997, are considered an integral part of this Proxy Statement and are incorporated by this reference. See also, "Management's Discussion and Analysis of Financial Condition and Results of Operations" at pp. 16-19 of the enclosed 10-K Report which is also incorporated by this reference.

Dated: October 23, 1997.

BY ORDER OF THE BOARD OF DIRECTORS

Gerald L. Jensen

CROFF ENTERPRISES, INC.

INDEX TO FINANCIAL STATEMENTS, SCHEDULES AND SUPPLEMENTAL INFORMATION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Croff Enterprises, Inc.

We have audited the balance sheet of Croff Enterprises, Inc. at December 31, 1996 and 1997, and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of management. Our responsibility is to express an opinion on them based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Croff Enterprises, Inc. as of December 31, 1996 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Denver, Colorado
February 18, 1998 CAUSEY DEMGEN & MOORE INC.

CROFF ENTERPRISES, INC.

BALANCE SHEET

December 31, 1996 and 1997

ASSETS

	1996	1997
Current assets:		
Cash and cash equivalents	$ 184,565	$ 166,883
Marketable equity securities	10,500	15,687
Accounts receivable:		
Oil and gas purchasers	31,764	26,552
Refundable income taxes	4,362	3,200
	------	-----

Total current assets	231,191	212,322
Oil and gas properties, at cost, successful efforts method:		
Proved properties	329,700	429,903
Unproved properties	101,901	97,102
	431,601	527,005
Less accumulated depletion and depreciation	(229,621)	(250,729)
Net property and equipment	201,980	276,276
Coal investment (Note 2)	82,533	16,277
	$ 515,704	$ 504,875

See accompanying notes.

CROFF ENTERPRISES, INC.

BALANCE SHEET

December 31, 1996 and 1997

LIABILITIES AND STOCKHOLDERS' EQUITY

	1996	1997
Current liabilities:		
Accounts payable	$ 3,164	$ 4,378
Accrued liabilities	1,660	2,605
Total current liabilities	4,824	6,983
Contingencies (Note 2)		
Stockholders' equity (Note 4):		
Class A preferred stock, no par value; 5,000,000 shares authorized, none issue	-	-
Class B preferred stock, no par value; 520,000 shares authorized, 516,505 shares issued and outstanding	233,744	364,328
Common stock, $.10 par value; 20,000,000 shares authorized, 579,143 shares issued	57,914	57,914
Capital in excess of par value	672,799	542,215
Accumulated deficit	(370,931)	(383,669)
	593,526	580,788
Less treasury stock at cost, 62,628 shares (1996) and 62,828 shares (1997)	(82,646)	(82,896)
Total stockholders' equity	510,880	497,892
	$ 515,704	$ 504,875

See accompanying notes.

CROFF ENTERPRISES, INC.

STATEMENT OF OPERATIONS

For the years ended December 31, 1995, 1996 and 1997

	1995	1996	1997
Revenue:			
Oil and gas sales (Note 7)	$ 195,834	$ 216,870	$ 193,099
Gain on disposal of oil and gas properties	5,289	19,678	-
Other income	4,307	7,503	14,790
Total revenue	205,430	244,051	207,889
Costs and expenses:			
Lease operating expense	44,954	47,759	26,966
Production taxes	10,630	10,597	13,858
General and administrative (Note 3)	66,698	73,673	79,495
Rent expense - related party (Note 3)	16,800	16,800	17,200
Depreciation and depletion	30,245	20,759	21,108
Interest	4,592	670	-
Write down of coal investment (Note 2)	-	-	62,000
Total costs and expenses	173,919	170,258	220,627
Net income (loss) (Note 5)	31,511	73,793	(12,738)
Net income applicable to preferred stock (Note 4)	-	-	49,262
Net income (loss) applicable to common shareholders	$ 31,511	$ 73,793	$ (62,000)
Basic and diluted net income (loss) per common share (Note 6)	$ .06	$ .14	$ (.12)

See accompanying notes.

CROFF ENTERPRISES, INC.

STAEMENT OF STOCKHOLDERS' EQUITY

For the years ended December 31, 1995, 1996 and 1997

	Preferred stock		Common stock		Capital in excess of par value	Treasury stock	Accumulated deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 1994		-$ -	579,143	$ 57,914	$ 909,983	$ (72,806)	$ (476,235)
Purchase of 9,840 shares of treasury stock	-	-	-	-	-	(9,840)	-
Net income for the year ended December 31, 1995	-	-	-	-	-	-	31,511

Balance, December 31, 1995	-	-	579,143	57,914	909,983	(82,646)	(444,724)
Issuance of preferred stock (Note 4)	516,505	233,744	-	-	(233,744)	-	-
Costs of issuance of preferred stock	-	-	-	-	(3,440)	-	-
Net income for the year ended December 31, 1996	-	-	-	-	-	-	73,793
Balance, December 31, 1996	516,505	233,744	579,143	57,914	672,799	(82,646)	(370,931)
Purchase of 200 shares of treasury stock	-	-	-	-	-	(250)	-
Net loss for the year ended December 31, 1997	-	-	-	-	-	-	(12,738)
Preferred stock reallocation (Note 4)	-	130,584	-	-	(130,584)	-	-
Balance, December 31, 1997	516,505	$ 364,328	579,143	$ 57,914	$ 542,215	$ (82,896)	$ (383,669)

See accompanying notes.

CROFF ENTERPRISES, INC.

STATEMENT OF CASHFLOWS

For the years ended December 31, 1995, 1996 and 1997

	1995	1996	1997
Cash flows from operating activities:			
Net income (loss)	$ 31,511	$ 73,793	$ (12,738)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and depletion	30,245	20,759	21,108
Gain on disposal of properties	(5,289)	(19,678)	-
Gain on marketable equity securities	(60)	(3,012)	(1,377)
Loss on write down of investment	-	-	62,000
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	4,022	(3,411)	6,374
Increase (decrease) in accounts payable	(105)	(7,665)	1,214
Increase (decrease) in accrued liabilities	3,125	(2,002)	945
Total adjustments	31,938	(15,009)	90,264
Net cash provided by operating activities	63,449	58,784	77,526
Cash flows from investing activities:			
Note receivable	700	4,800	-
Proceeds from sale and leases of property	11,285	131,585	-
Purchase of oil and gas interests	(10,557)	(15,875)	(95,404)
Purchase of marketable equity securities	-	-	(3,810)
Proceeds from sale of marketable equity securities	8,810	8,012	-
Purchase of coal investment	(100,000)	-	-
Distributions from coal investment	4,701	12,766	4,256
Net cash provided by (used in) investing activities	(85,061)	141,288	(94,958)

Cash flows from financing activities:			
Purchase of treasury stock	(9,840)	-	(250)
Proceeds from note payable	50,000	-	-
Repayment of note payable	-	(50,000)	-
Cost of issuance of preferred stock	-	(3,440)	-
Net cash provided by (used in) financing activities	40,160	(53,440)	(250)
Increase (decrease) in cash	18,548	146,632	(17,682)
Cash and cash equivalents at beginning of year	19,385	37,933	184,565
Cash and cash equivalents at end of year	$ 37,933	$ 184,565	$ 166,883

Supplemental disclosure of cash information:

During the years ended December 31, 1995, 1996 and 1997, the Company paid cash for interest in the amount of $4,138, $1,115, and $0, respectively.

See accompanying notes.

CROFF ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1995, 1996 and 1997

1. Summary of significant accounting policies

Croff Enterprises, Inc. (the Company) is engaged primarily in the business of oil and gas exploration and production, primarily through ownership of perpetual mineral interests in Utah, Colorado and New Mexico, and acquisition of oil and gas leases.

A summary of the Company's significant accounting policies is as follows:

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments:

The carrying amount of cash and cash equivalents is assumed to approximate fair value because of the short maturities of those instruments.

Marketable equity securities:

The Company has adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, which provides for reporting certain equity securities at fair value, with unrealized gains and losses included in earnings. The aggregate cost of marketable equity securities at December 31, 1996 and 1997 was $4,295 and $5,958, respectively.

Accounts receivable:

The Company considers accounts receivable to be fully collectible; accordingly,

no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Oil and gas property and equipment:

The Company follows the "successful efforts" method of accounting for its oil and gas properties. Under this method, all property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending determination of whether the well has proven reserves. If an exploratory well does not result in reserves, the capitalized costs of drilling the well, net of any salvage, are charged to expense. The costs of development wells are capitalized, whether the well is productive or nonproductive.

1. Summary of significant accounting policies (continued)

The Company annually evaluates the net present value of future cash flows, by lease, and records a loss if necessary, when net book value exceeds projected discounted cash flow. The acquisition costs of unproved properties are assessed periodically to determine whether their value has been impaired and, if impairment is indicated, the costs are charged to expense.

Geological and geophysical costs and the costs of carrying and retaining undeveloped properties (including delay rentals) are expensed as incurred. Capitalized costs are amortized on a units-of-production method based on estimates of proved developed reserves.

Income taxes:

The provision for income taxes is based on earnings reported in the financial statements. Deferred income taxes are provided using a liability approach based upon enacted tax laws and rates applicable to the periods in which the taxes become payable.

Coal investment:

The investment was initially recorded at cost. Revenues and distributions are recorded using the cost recovery method (see Note 2).

Cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and trade receivables. The Company places its cash with high quality financial institutions. At times during the year, the balance at any one financial institution may exceed FDIC limits. At December 31, 1997, the Company had cash reserves of $157,970 in a money market account at a brokerage firm..

2. Coal investment

In March 1995, the Company purchased a 2% interest in a limited liability company (LLC) in exchange for $100,000, $50,000 of which was borrowed by the Company pursuant to a one year 10.5% bank loan, guaranteed by the Company' president. The loan was repaid during 1996. The LLC acquired a mortgage note on a coal mine in Indiana, and the Company had an option to acquire a 2% interest in the mine for a nominal payment.

CROFF ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1995, 1996 and 1997

2. Coal investment (continued)

In December 1995, the major purchaser of coal from the mine, a utility, canceled the contract. In January 1996, creditors of the coal mine filed an involuntary petition under Chapter 7 of the Bankruptcy Code which, upon motion of the mining company was converted to a case under Chapter 11 of the Bankruptcy Code. The operations at the mine have subsequently been shut down and the assets were being liquidated while the LLC sued the utility. In July 1997, the trial court ruled against the LLC. As a result, the Company recorded a write down of $62,000 to adjust its carrying value of the investment to the estimated liquidation value of cash, land and equipment remaining.

3. Related party transactions

The Company retains the services of a law firm in which a partner of the firm is a director of the Company. Legal fees paid to this firm for the years ended December 31, 1995, 1996 and 1997 amounted to $2,222, $4,398, and $2,086, respectively.

The Company has a month-to-month agreement with an affiliated company to provide for office services and sublease office space for $1,600 per month.

4. Stockholders' equity

On November 1, 1991, the Company's shareholders approved the issuance of warrants to purchase 60,000 shares of the Company's common stock at $1.00 per share to members of the Company's Board of Directors. During 1995, the warrants were extended and are exercisable at any time through December 31, 1999. The warrants must be exercised for not less than 5,000 shares at any time of exercise. As of December 31, 1997, no warrants have been exercised.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the warrants. Had compensation costs for the Company's warrants been determined based on the fair value at the extension date consistent with the provision of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	1995	1996	1997
Net earnings (loss) applicable to common shareholders - as reported	$ 31,511	$ 73,793	$ (62,000)
Net earnings (loss) applicable to common shareholders - pro forma	$ 8,111	$ 73,793	$ (62,000)
Earnings (loss) per common share - as reported	$ .06	$ .14	$ (.12)
Earnings (loss) per common share - pro forma	$ .02	$ .14	$ (.12)

4. Stockholders' equity (continued)

The fair value of each warrant is estimated on the date of extension using the Black-Scholes option- pricing model with the following assumptions used for the warrants extended in 1995: dividend yield of 0%, expected volatility of 18.83%, risk-free interest rate of 7.875% and an expected life of 4 years.

On February 28, 1996, the shareholders of the Company approved the creation of 5,000,000 authorized Class A Preferred shares and 520,000 authorized Special Class B Preferred shares.

The Class A preferred stock was authorized for possible future capitalization and funding purposes of the Company and has not yet been designated as voting or non-voting. Presently, there are no plans or intentions to issue these shares.

The Class B preferred stock was authorized to protect the existing perpetual mineral interests and other oil and gas assets of the Company for the benefit of existing stockholders while the Company pursues other business ventures. In October 1996, the Company issued to its common shareholders one share of Class B preferred stock for every share of common stock held which totaled 516,505 shares. The Class B preferred stock has no par value and limited voting privileges. The Class B preferred stockholders are entitled exclusively to all dividends, distributions, and other income which are based directly or indirectly on the oil and natural gas assets of the Company. In addition, in the event of liquidation, distribution or sale of the Company, the Class B preferred stockholders have an exclusive preference to the net asset value of the natural gas and oil assets over all other classes of common and preferred stockholders.

The value of the Class B preferred shares was originally based on the book value of the oil and gas assets at December 31, 1996. Effective December 31, 1997, the Company's board of directors approved an allocation of oil and gas assets to the preferred shares totaling $364,328.

5. Income taxes

At December 31, 1997, the Company had net operating loss carry-forwards of approximately $450,000, which, if not used, will expire as follows:

Year of expiration	Amount
1998	$ 3,000
2000	447,000
	$ 450,000

In addition, the Company has a depletion carryover of approximately $512,000 which has no expiration date.

5. Income taxes (continued)

The Company did not record an income tax provision for the years ended December 31, 1995 and 1996 due to the utilization of a tax loss carryforward for each of the years. The recognized tax benefit of the utilized carryforward was $8,400

and $15,600 for each of the years ended December 31, 1995 and 1996, respectively. The Company has a financial statement loss carryover of approximately $382,000 remaining at December 31, 1997. The difference in financial statement and tax return loss carryovers is principally the difference in the timing of deducting intangible drilling costs. Income tax credit carryovers for financial and tax purposes approximate $2,700 from pre-1986 transactions.

As of December 31, 1996 and 1997, total deferred tax assets, liabilities and valuation allowance are as follows:

	1996	1997
Deferred tax assets resulting from loss carryforwards	185,000	$ 168,000
Deferred tax liabilities	(47,000)	(21,000)
Valuation allowance	(138,000)	(147,000)
	$ -	$ -

6. Basic and diluted income (loss) per common share

Basic income (loss) per common share information is based on the weighted average number of shares of common stock outstanding during each year, approximately 521,000 shares in 1995 and 517,000 shares in 1996 and 1997. Outstanding warrants are not dilutive in any of the periods presented.

7. Major customers

Customers which accounted for over 10% of revenues were as follows for the years ended December 31, 1995, 1996 and 1997:

	1995	1996	1997
Oil and gas:			
Customer A	25.3%	23.7%	23.0%
Customer B	11.9%	11.1%	12.2%
Customer C	15.6%	*	*
Customer D	*	10.5%	18.4%

* - less than 10%

CROFF ENTERPRISES, INC.

SUPPLEMENTAL INFORMATION - DISCLOSURES ABOUT OIL AND GAS PRODUCING ACTIVITIES - UNAUDITED

In November, 1982, the Financial Accounting Standards Board issued and the SEC adopted Statement of Financial Accounting Standards No. 69 (SFAS 69) "Disclosures about Oil and Gas Producing Activities". SFAS 69 requires that certain disclosures be made as supplementary information by oil and gas producers whose financial statements are filed with the SEC. These disclosures are based upon estimates of proved reserves and related valuations by the Company. No attempt is made in this presentation to measure "income" from the changes in reserves and costs.

The standardized measure of discounted future net cash flows relating to proved reserves as computed under SFAS 69 guidelines may not necessarily represent the fair value of Croff's oil and gas properties in the market place. Other factors, such as changing prices and costs and the likelihood of future recoveries differing from current estimates, may have significant effects upon the amount of recoverable reserves and their present value.

The standardized measure does not include any "probable" and "possible" reserves which may exist and may become available through additional drilling activity.

The standardized measure of discounted future net cash flows is developed as follows:

1. Estimates are made of quantities of proved reserves and the future periods during which they are expected to be produced based on year-end economic conditions.

2. The estimated future production of proved reserves is priced on the basis of year-end prices except that future prices of gas are increased for fixed and determinable escalation provisions in contracts (if any).

3. The resulting future gross revenue streams are reduced by estimated future costs to develop and produce the proved reserves, based on year-end cost and timing estimates.

4. A provision is made for income taxes based upon year-end statutory rates. Consideration is made for the tax basis of the property and permanent differences and tax credits relating to proved reserves. The tax computation is based upon future net cash inflow of oil and gas production and does not contemplate a tax effect for interest income and expense or general and administrative costs.

5. The resulting future net revenue streams are reduced to present value amounts by applying a 10% discount factor.

(continued)

Changes in the standardized measure of discounted future net cash flows are calculated as follows:

1. Acquisition of proved reserves is based upon the standardized measure at the acquisition date before giving effect to related income taxes.

2. Sales and transfers of oil and gas produced, net of production costs, are based upon actual sales of products, less associated lifting costs during the period.

3. Net changes in price and production costs are based upon changes in prices at the beginning and end of the period and beginning quantities.

4. Extensions and discoveries are calculated based upon the standardized measure before giving effect to income taxes.

5. Purchase of reserves are calculations based on increases from the Company's acquisition activities.

6. Revisions of previous quantity estimates are based upon quantity changes and end of period prices.

7. The accretion of discount represents the anticipated amortization of the beginning of the period discounted future net cash flows.

8. Net change in income taxes primarily represents the tax effect related to all other changes described above and tax rate changes during the period.

All of the Company's oil and gas producing activities are in the United States.

Oil prices

During the year ended December 31, 1997, crude oil prices decreased and natural gas prices were stable. The ultimate amount and duration of oil and gas price fluctuations and their effect on the recoverability of the carrying value of oil and gas properties and future operations is not determinable by management at this time.

CROFF ENTERPRISES, INC.

SUPPLEMENTAL INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING ACTIVITIES - UNAUDITED

RESULTS OF OPERATIONS FOR PRODUCING ACTIVITIES

The results of operations for oil and gas producing activities, excluding capital expenditures, corporate overhead and interest costs, are as follows for the years ended December 31, 1995, 1996 and 1997:

	1995	1996	1997
Revenues	$ 195,834	$ 216,870	$ 193,099
Lease operating costs	44,954	47,759	26,966
Production taxes	10,630	10,597	13,858
Depletion and depreciation	30,245	20,759	21,108
	85,829	79,115	61,932
Income tax expense	-	-	-
Results of operations from producing activities (excluding corporate overhead and interest expense)	$ 110,005	$ 137,755	$ 131,167

CROFF ENTERPRISES, INC.

SUPPLEMENTARY INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING PRODUCTS - UNAUDITED

STANDARDIZED MEASURE OF DISCOUNTED FUTURE
NET CASH FLOWS AND CHANGES THEREIN
RELATING TO PROVED OIL AND GAS RESERVES

	Year ended December 31,		
	1995	1996	1997
Future cash inflows	$1,480,000	$1,540,000	$1,487,000

Future production and development costs	(367,000)	(359,000)	(317,000)
	1,113,000	1,181,000	1,170,000
Future income tax expense	-	-	-
Future net cash flows	1,113,000	1,181,000	1,170,000
10% annual discount for estimated timing of cash flows	(377,000)	(415,000)	(411,000)
Standardized measure of discounted future net cash flows	$ 736,000	$ 766,000	$ 759,000

The following are the principal sources of change in the standardized measure of discounted future net cash flows:

Beginning balance	$ 730,000	$ 736,000	$ 766,000
Evaluation of proved undeveloped reserves, net of future production and development costs	6,000	(5,000)	(22,000)
Purchase of proved reserves	10,000	16,000	95,000
Sales and transfer of oil and gas produced, net of production costs	(140,000)	(264,000)	(152,000)
Net increase (decrease) in prices and costs	81,000	204,000	(20,000)
Extensions and discoveries	7,000	74,000	53,000
Revisions of previous quantity estimates	36,000	(7,000)	28,000
Accretion of discount	6,000	12,000	11,000
Net change in income taxes	-	-	-
Other	-	-	-
Ending balance	$ 736,000	$ 766,000	$ 759,000

CROFF ENTERPRISES, INC.

SUPPLEMENTARY INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING PRODUCTS - UNAUDITED

PROVED OIL AND GAS RESERVE QUANTITIES
(All within the United States)

	Oil reserves (bbls.)	Gas reserves (Mcf.)
Balance, December 31, 1994	73,819	188,640
Revisions of previous estimates	2,514	36,000
Purchase of reserves	2,500	-
Extensions, discoveries and other additions	-	28,586
Production	(8,278)	(35,250)
Balance, December 31, 1995	70,555	217,976
Revisions of previous estimates	(2,493)	23,148
Purchase of reserves	700	26,000
Extensions, discoveries and other additions	550	54,000
Sale of reserves	(12,414)	-
Production	(5,886)	(46,000)

Balance, December 31, 1996	51,012	275,124
Revisions of previous estimates	-	7,000
Purchase of reserves	3,200	68,864
Extensions, discoveries and other additions	3,034	10,000
Sale of reserves	-	-
Production	(5,295)	(46,222)
Balance, December 31, 1997	51,951	314,766
Proved developed reserves		
December 31, 1995	53,508	204,865
December 31, 1996	38,101	265,748
December 31, 1997	39,339	301,343

Costs incurred in oil and gas producing activities for the years ended December 31, 1995, 1996, 1997 are as follows:

	1995	1996	1997
Property acquisition, exploration and development costs capitalized	$ 10,557	$ 15,875	$ 95,404
Production costs	55,584	58,356	40,824
Depletion and depreciation	30,245	20,759	21,108

<ARTICLE> 5
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This schedule contains summary financial information extracted from form 10-Q
for period ended December 31, 1997 and is qualified in its entirety by reference
to such 10-Q for period ended December 31, 1997
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